The MAGAZINE of WALL STREET

May 3d 1930

C. G. Wyckoff
PUBLISHER

35 Cents a Copy

Are Stockholders Losing the Railroads?

What 14¢ Copper Means

to Industry — to Investors

Six Stocks with Hidden Earning Power

Vol. 46 No. 1

A DECADE OF GROWTH

THE business done by the combined operating units of the Associated Gas and Electric System has shown at all times a rapid and remarkably constant growth. A statement showing the earnings and other statistics for the period 1920-1929 of all properties now comprising the Associated System, including the New England Gas and Electric Association group, is shown below:—

Dec. 31	Annual Earnings Gross	*Net	Sales K. W. H.	Number of Customers Electric	Gas, Water etc.
1920	$ 49,410,687	$14,449,787	1,020,912,328	342,373	344,651
1921	53,301,038	17,195,389	985,365,167	381,238	353,871
1922	56,828,970	20,663,844	1,143,467,323	444,233	369,660
1923	63,638,228	24,325,142	1,348,986,857	513,007	381,288
1924	67,417,018	26,733,159	1,400,942,454	590,692	398,527
1925	73,977,348	31,531,123	1,579,150,849	665,366	416,896
1926	81,646,959	35,652,028	1,854,708,852	736,451	437,490
1927	88,113,621	40,148,195	1,921,527,571	782,887	454,228
1928	93,624,445	43,196,594	2,110,949,196	845,551	465,487
1929	103,556,864	50,282,036	2,372,274,311	896,630	472,231

*Before depreciation.

Significant of the productivity and progressiveness of the area served by the Associated System is the 109% increase in gross earnings, the 99% increase in number of customers, and the 132% increase in kilowatt hour sales as shown above over the 10 year period.

To make an Associated investment send for folder E-20

Associated Gas and Electric System

61 Broadway — New York City

General
Wehr

Member Audit Bureau of Circulations

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Vol. 46 No. 1 May 3rd, 1930

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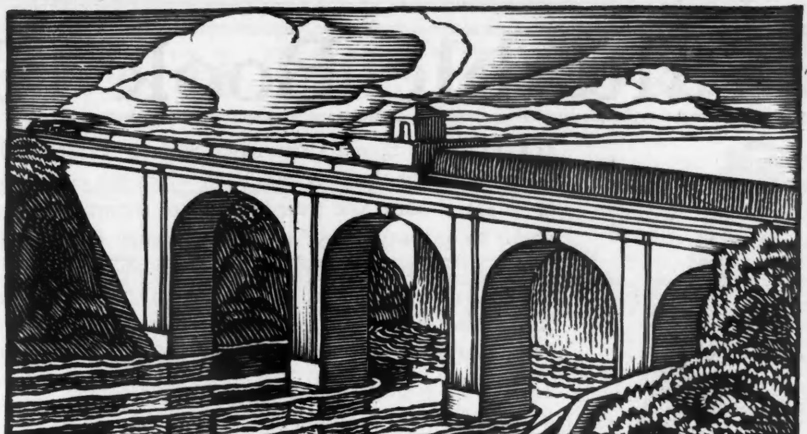


DECORATION BY ROCKWELL KENT · CUT IN WOOD BY J. J. LANKES

Investing in Electric Power

GROSS revenues of the electric light and power industry in the United States have increased each year during the last decade. The annual rate of increase has varied from 7% to 18%, and the average per year has been 10.8%. This industry deals in a necessary commodity for which the demand is but moderately affected by periodical business declines. The uses for electricity are constantly broadening and distribution is constantly widening. More people are buying electricity, and the average consumer is buying more of it.

United Founders Corporation has important investments in the electric light and power industry and other divisions of the public utility field. Through its principal utility investments its interests extend to electric power and light, gas, telephone, water or transportation service furnished to communities in forty states of the Union. With the increasing population and widening use of electricity and other services, its investments in the public utility field should ultimately enhance greatly in value.

United Founders Corporation is also extensively interested in other fields of investments, and holds a diversified portfolio of securities. Through its controlling interest in American Founders Corporation it commands the service of the extensive economic, analytical and research organization developed by American Founders. Coupled with this organization are extensive banking and investment connections, which contribute to the strong position of United Founders Corporation as an institution investing for the long pull.

UNITED FOUNDERS CORPORATION

This advertisement is the second of a series outlining the investment activities of United Founders Corporation

Editorial Freedom

WHY do advertisers spend millions of dollars in independently owned publications when they could issue house organs that would compete with the best magazines in editorial content, and typographical and illustrative excellence? Certainly there are countless organizations in this country which could easily publish their own purpose magazines that superficially, at least, would rival the best magazines. Why then do not such corporations rely on their own periodicals to tell their story to the public? Simply because they know that no house organ has the appeal of an independent magazine. They know that the best advertising medium is the publication that has established its character,—its sincerity of purpose,—and its editorial freedom. They know that the thoughtful reader in this age demands that editorial matter be fair and unprejudiced, and free from inspired selling propaganda. Particularly is this true of a publication serving the most intelligent and exacting readers in the country, as does THE MAGAZINE OF WALL STREET.

It is the consciousness of its high obligation that has placed this magazine in the high position which it occupies today. We recognize that in no publication field is unbiased opinion of more importance to the readers than in the financial and investment field. A newspaper or general magazine does not speak to its readers with specialized authority, but readers look to financial publications to advise and guide them on the fundamental side of their economic welfare. The suggestion that an editorial policy is subject to any extraneous influence whatever, destroys the value of its message and defeats the primary purpose of its existence as an independent organ.

The policy of editorial freedom has been followed by THE MAGAZINE OF WALL STREET for more than twenty years. It was a pioneer in its field, which threw off the limitations of a trade paper to the financial district and went out to educate the individual investor all over the country, making itself more and more his representative and counselor in the markets of the nation.

It has been our constant endeavor to produce a paper to meet the demands of the modern business man, not only in the field of finance and investment but also embracing those trade, economic and even political subjects, a knowledge of which is essential to the successful administration of present day business enterprises.

Through our work we have established a most intimate relationship with our readers as is best illustrated by the fact that last year we answered 163,000 inquiries from our subscribers. We question whether any publication enjoys a closer relationship with its readers. It indicates that we are publishing a paper that is editorially sound,—that has an established character,—and that enjoys the confidence and respect of its readers, so meeting the most exacting standards as an advertising medium.

E. Kenneth Burger
Managing Editor

C. G. Wyckoff
Publisher

Theodore M. Knappen
Associate Editor

Investment and Business Trend

A New Eldorado Abroad — Banks as Security Buyers — World Bank Stock — The Business Outlook — The Market Prospect

A NEW ELDORADO ABROAD

WHAT magical industry is to be our next source of wealth? The motor industry has passed its most fruitful youth. Construction has become a routine. The moving picture industry has reached at least a temporary zenith of magnificent growth. The public utilities are facing saturation—capacity for electrical production is enough to meet the requirements of orderly growth for a decade to come. The radio industry has had its day of glory—short and brilliant. All these sources of new energy and new wealth are now as commonplace as bag making. What new leader of production is to come out of the future to stir the creative genius of the nation? Apparently we must go aquesting over seas for a new stimulus to prosperity. We can see a decreasing number of miracles to be done at home, but the world lies before us for the repetition of similar achievement abroad. Save for a fringe of Europe and a few outlying posts most of the world is not yet even on the edge of industrialism. It knows not the machine nor the marvels of mechanical power. Its tastes are simple, its desires few, and its possessions limited. Think of the 400,000,000 of China and the 300,000,000 of India seething with awakened desires and throbbing with the will to satisfy them. Ferdinand and Isabella invested $4,000 in Columbus, which in the next century returned $1,500,000,000 in gold and silver alone. We have sent $15,000,000,000 to find new lands of prosperity. We shall certainly send more. Will they find for us such a return of venture as that Columbus brought out of the new Indies?

BANKS AS SECURITY BUYERS

INSTITUTIONAL buying of securities is frequently regarded as a sort of a weather vane, indicating current trends in the investment markets. During March, which was a period of generally rising investment values, banks and insurance companies are reported to have been rather heavy buyers of securities. They are continuing their interest in security purchases during April, although on a somewhat more moderate basis. The reports of leading banks, made public through the Federal Reserve Board, show an increase of about 50 million dollars a week in the security portfolios of these institutions, up to the early part of April, and since then,

BUSINESS, FINANCIAL *and* INVESTMENT COUNSELORS
1907 - "*Over Twenty-Two Years of Service*" - 1930

some further growth at a smaller rate. Insurance companies were heavy buyers of securities following the break in prices last year and would have bought more heavily but for the large demand for loans by policy holders. Since that time their loan situation has been relieved and the companies are making security purchases to keep policy reserves profitably employed. Undoubtedly this institutional buying, competing as it is with private investment funds, is playing an important role in the absorption of new investment offerings and the bouyancy of the bond market. Institutional investment demand must be satisfied when it materializes. It awaits neither propitious markets nor favorable market trends. Bank loans other than security loans have decreased 470 million dollars since April, 1929. Deposits have increased 550 million dollars. How to keep bank resources profitably employed under these circumstances is a problem. An increase of almost 900 million dollars in collateral loans over twelve months ago is one outlet. Federal Reserve borrowing is being paid off rapidly—so rapidly in fact that there is practically nothing left to pay off. Unless credit conditions are materially altered in the coming months, institutional purchases of securities may be expected to continue on the up trend. There is a spread between bond yields and other classes of income producing assets of the banks that should be instrumental in sustaining interest in investment portfolios of the banks.

WORLD BANK STOCK

As one American (who reads the comments of foreign press correspondents with considerable amusement) to another, we learn that the American allotment of the capital stock of the International Bank of Settlement will be privately underwritten by the Morgan group of banks in order to "avoid public speculation in the stock." We can only take it that the gentleman who cabled this precious item had in mind the market that we had over here in bank stocks last fall. With the American investor's appetite for stocks in what we might call a new and untried financial enterprise so flatteringly over-rated abroad, there seems to be some apprehension concerning a bull market in International Bank of Settlement common. In the well-behaved countries of England, France, Belgium and Italy, the capital stock of the new bank will be offered for public subscription. In Germany, for political reasons, it will be held in the portfolio of the Reichsbank for the time being. In Japan, the shares will be purchased by a banking group, for reasons not stated. In addition to 8 million dollars' worth of stock at $500 a share that will be allotted to the six countries accounted for above, Switzerland and Holland will take up 2 million each. These arrangements, of course, are all tentative, waiting for the formal ratification of the Young Plan by Italy, which is believed to be a matter of some few weeks from the time of this writing. Thus, the new world bank is about to become operative as a practical every day functioning financial institution. The actual contact of the American investor with the world bank through the placement of Reparations Bonds in the domestic market will be the next step—a step not far away.

THE BUSINESS OUTLOOK

The business situation presents a mixed appearance. Some lines show improvement and are sustained by normal demand, while others have failed to experience the stimulation which customarily accompanies the Spring season. Taken as a whole the portion of industry and trade apparently below normal is larger than the portion above normal. The degree of improvement since the early part of the year has generally been less than expected. Retail buying during the Easter period and the resumption of active construction work, particularly of the heavy engineering and public works variety, has of course bettered the situation. The unemployment problem is less acute. Nevertheless, consumption is unquestionably lower, not only in luxuries and less essential articles but also in the basic commodities. As a result the wholesale demand is hesitant. Fortunately, however, the downward swing of commodity prices has, with the help of continued cheap money, apparently run its course and more stability can be expected. Perhaps this is the basis for more freely expressed optimism concerning the months to come, which has been recently noted. It seems to be commonly held that a distinct revival is in the offing with the abundant supply of funds offering an unusual stimulus to business expansion. Even admitting the ground for such confidence, however, it does not seem logical to assume that business is susceptible to abrupt or immediate improvement—a rapid comeback is not in the making. Rather, indications are for a gradual betterment which may not be pronouncedly manifest until late Summer or early Autumn.

THE MARKET PROSPECT

The market at last shows signs of distinct weariness following its rapid forward pace during March and early April. Instead of the bouyant strength of the first quarter of the year, we are confronted with a mixed and highly irregular market, that on the whole is losing ground under the pressure of liquidation in weak situations. Clearly, the market is not the one-way affair that it was last year, but now seems inclined to break up into individual movements to a degree that has not been witnessed heretofore. For the immediate future, this tendency is likely to continue. Last fall, the "bear" markets in individual issues that occurred as a counterpart of an active upward movement in a small group of hand-picked market leaders brought the market finally to a critical position. Whether the current tendencies will again lead the market into a general decline or whether the stock market is undergoing a major change in its general character to correspond with transitions in business, is not as yet clearly indicated. In the meantime, investors are advised to prune their list of holdings which do not have favorable prospects for the current year and maintain adequate resources for future investment opportunities that the market might bring their way in a further corrective movement. With ample credit available, fixed income producing securities seem well situated for both temporary and permanent investment.

Monday, April 28th, 1930.

The Machine Turns On Its Master

Is Industry in Danger of Becoming a Victim of Its Own Mechanical Efficiency?

By Theodore M. Knappen

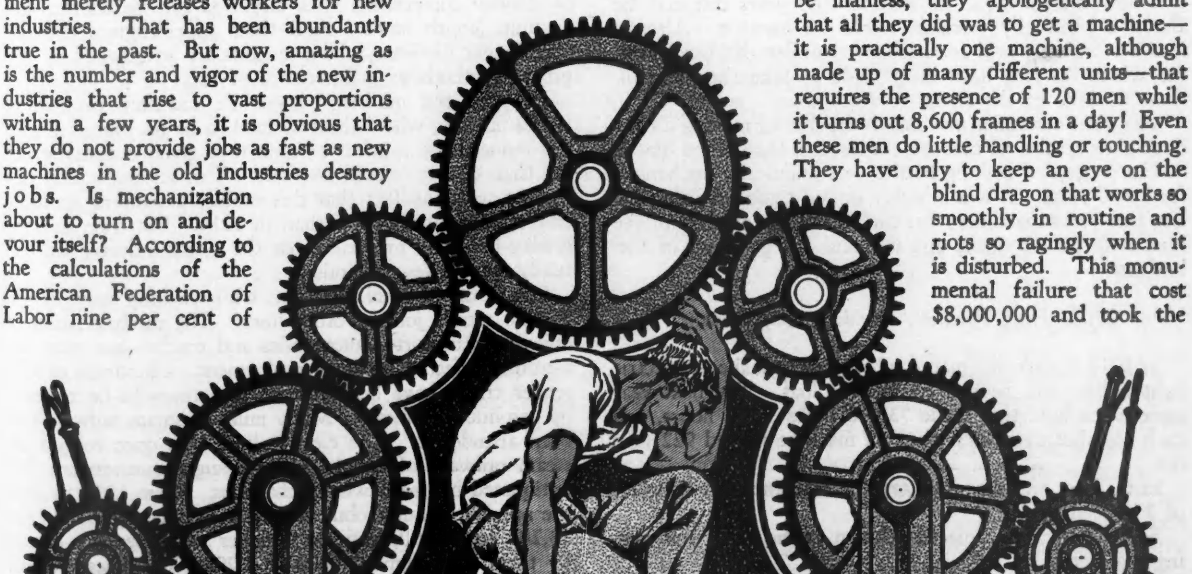
WHEN Eli Whitney invented the cotton gin he unwittingly perpetuated slavery, drove a wedge between the North and South, brought on the Civil War. Who knows whether comparable disasters lurk in the present intensification of the mechanization of industry? The cotton gin differed from the hosts of mechanical workers that are now pouring into industry in that it did not cause unemployment. On the contrary it multiplied employment—for slaves. The original industrial revolution in England, caused by the early mechanization of industry, made jobs so fast that population doubled and trebled in response.

But already American industry can easily make in eight months all that it can dispose of in twelve; jobs become scarcer and scarcer, and the natural growth of population begins to lag. Industry provides fewer jobs, produces more goods, and the prospect is that by 1950 our population will become stationary. All the civilized nations are going the way of France, where already the population is practically stationary.

The optimistic theory is that technological unemployment merely releases workers for new industries. That has been abundantly true in the past. But now, amazing as is the number and vigor of the new industries that rise to vast proportions within a few years, it is obvious that they do not provide jobs as fast as new machines in the old industries destroy jobs. Is mechanization about to turn on and devour itself? According to the calculations of the American Federation of Labor nine per cent of wage earners are out of jobs on account of mechanization, even when the factories are running at full speed under the highest pressure. Are we approaching a condition wherein the machine will destroy its market by driving from the payrolls the people who consume its product? . . . A handful of men and endless rows of machinery in vast buildings—multitudes of unemployed outside. . . . Production perfected, consumption destroyed.

A Successful Failure

Take one illustration of the prodigious ability of automatic machinery to destroy jobs. Out in Milwaukee is a manufacturer of steel products. It set out a few years ago to do for the assembling of parts what had long since been done for making of the parts, that is, to make assembling automatic. The particular product was automobile frames. The ideal was to produce frames as rapidly as oranges roll through a sorting table, without the touch of a human hand from start to finish. The company confesses a failure. Instead of a machine, coiled around three acres, that would be manless, they apologetically admit that all they did was to get a machine—it is practically one machine, although made up of many different units—that requires the presence of 120 men while it turns out 8,600 frames in a day! Even these men do little handling or touching. They have only to keep an eye on the blind dragon that works so smoothly in routine and riots so ragingly when it is disturbed. This monumental failure that cost $8,000,000 and took the



work of a large part of the time of his 500 engineers for five years is just this much of a failure: It originally turned out one complete frame, even to painting, every ten seconds. It has been pepped up to one frame every six seconds. Eight thousand chassis frames a day! Well, what of it? Enough frames from this one machine for half of all the automobile product of the United States. It could run one-third of its time and equip all the automobiles made abroad. One machine making 8,600 frames a day against a record of twelve a day in the same plant in 1904.

One of the greatest automobile manufacturers of Europe came to see this machine the other day. He is proud of his plant, especially proud of the rate at which it makes automobile frames. In his plant it takes 200 men to produce 35 frames in a day.

Courtesy, A. O. Smith Co.

Part of a three-acre machine capable of producing 8,600 automobile frames a day, operated by 120 men

Now if one company has 500 engineers to 6,000 workers—one creator to every 30 producers—500 men striving to reduce the need of the 6,000—what must be the pressure for mechanization in the massed industry of America, with engineers and chemists applying the accumulated knowledge of all the recent fertile years of research? Perhaps what has already been done in the way of replacement of men by machines is only a start. Mechanization of the textile industries began 160 years ago. One person now produces as much yarn as 45,000 then, and the capacity of looms has been multiplied at least 2,000. Mechanization is more general and far more rapid of introduction now than it was. In another 160 years this may be almost a physically workless world for humans. Already it is a workless world for perhaps a million displaced men, for whom no jobs have been made to take the place of those unmade by the relentless machines.

One glass container machine is capable of making all the huge glass bottles, or carboys, required in the United States.

The process of making bottles was practically unchanged for 3,500 years. It was a highly skilled trade. Within the last few years machinery has multiplied the product of the human factor 41 times, and the skill has gone out of the business.

Multiplying Product, Dividing Employment

In 1918 it took one man a whole day to make 40 electric light bulbs—and he had no time to loaf. The next year came a machine that made 73,000 bulbs in 24 hours, and each one destroyed 992 jobs. A machine in and 922 men out.

In the boot and shoe industry 100 machines take the place of 25,000 men.

Seven men have replaced 60 men as the labor unit casting pig iron.

A team of two men loads the pig iron that it formerly took 128 men.

Go through a steel mill and notice what a lonesome looking place it is. You feel as if you were in the presence of some colossal but unseen power. The reason, among others, is that 42 men have given way to one man around open hearth furnaces.

Working with improved cranes three men do the work of 28 in steel mills. Another improved loading crane substitutes a gang of five men for one of 48.

Not so long ago the writer marveled at the spectacle of one man making 450 bricks in a day. The other day he saw a brick-making machine turn out 40,000 bricks in a day.

In railroad sorting yards the introduction of the car-retarder in switching has displaced as high as 168 men in a single yard. In such a yard one has the same feeling that he experiences in a depopulated steel mill. Action all around but little human cause.

In four years the tractive power of freight locomotives has increased about 10 per cent and the length of freight trains 34 per cent. In seven years the average speed of freight trains has increased 19 per cent. All of which means relatively fewer jobs, and with a given amount of freight to move annually absolutely fewer jobs. And more is to come. The Pennsylvania Railroad is developing an engine that is hauling 120 freight cars over an entire division at a rate of 40 miles an hour; this engine has handled as high as 182 empty coal cars. The same engine will whirl a 15-coach passenger train over the line at 90 miles an hour. Incidentally, this M-1 engine may suggest the possibilities of railway competition with airplanes for the shorter and medium length hauls. And these super-engines thunder over longer divisions whose sections are lengthened by improved methods of maintenance of way.

Even in the modern automobile industry progressive mechanization, where there seemed to be no room for any, has reduced the number of men to a given output by not less than 66 per cent in 16 years. This statement does not conflict with the fact that this rapidly expanding industry employs far more people than in 1914. But from now on it may be safely predicted that the motor industry will actually employ fewer hands.

One form of mechanization, while making new jobs in its line retires jobs in other lines. The mechanization of highway transport—automobiles and trucks—has most disastrously affected railway employment. Hundreds of passenger trains have been retired, sometimes to be replaced by gasoline-motor cars. Many miles of steam railway have been abandoned. The electric lines that once robbed the steam railways of freight and passenger business are now antiquated by the newer mechanisms. From 1925 to 1929 the number of automobile coaches in service increased from 53,200 to 92,400, and the number of passengers carried by them rose from 870,000 to 1,793,000. These stupendous figures necessarily meant a great reduction of employment on the railroads in addition to the labor saving resulting from their own improved mechanization. Improved

motive power has caused the laying off of seven passenger runs, five mixed runs on one short railway line within a recent period of seven months.

It took a day for one man to saw a hundred feet of lumber for Mount Vernon; one man and machines saw 10,000 feet a day for your house.

Manufacturing Highways

Owing to the introduction of better machinery and the supersession of manual labor by new machinery, building and construction have nowhere near the importance they formerly had as absorbers of floating labor and relief outlets in times of depression, insofar as the number of men actually employed on a given job is concerned. In the United States highways are no longer built, they are manufactured. It takes but little imagination to see a new road coming out of the group of machines at the roadhead like to steel plate from a rolling mill. It would be practically impossible to assemble enough laborers on a given piece of road to build it by hand within any reasonable time according to modern standards. The ancients had abundance of time as well as abundance of men for the building of the pyramids, the Great Wall of China and other works that still command our admiration. We are faced by time values that run into such proportions that every day on a skyscraper's construction affects its balance sheet for years to come. There would not be room on a great modern structure for the manpower that the machines replace.

A middle sized industrial shovel does the work of 100 men with pick and shovel; a mammoth shovel will dig and load dirt as fast as 400 men. An ordinary ditching machine excavates as fast as 50 or 60 men. But the machines may be able to work in narrow places where their equivalent in men could not find places to stand.

As to what has been the net result of recent mechanization in the way of unemployment there is little or no ac- accurate information. The American Federation of Labor finds that 9 per cent of its members were out of employment at the very floodtide of industrial and business activity in 1929 and concludes that that figure is the measure of the net displacement of men by the machine. But the larger part of substitution of the machine for the men is probably outside the organized trades. It would not be a wild guess to say that a million men are chronically out of work because machines are coming in faster than the savings thereby made open up collateral or completely new industries.

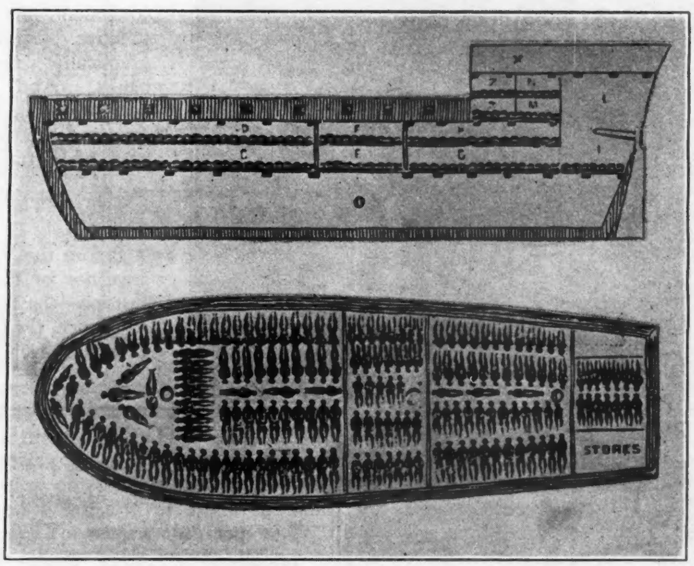
If rapid mechanization was responsible for a million workless men in the feverish first half of 1929 it may well be that at th summit of the next business cycle an even larger number will be unemployed. There is little prospect that in the future new machines will have the effect of the cotton gin, which destroyed a few thousand jobs for slaves as separators of seed from cotton fibre and made millions of jobs in the cotton fields. The immediate result nowadays of every labor saving machine is the discharge of labor. The increased product results after a while is such an increase of consumption that the men go back to work with the machines or in accessory or other new industries that result from increased production. But even while a new equilibrium is being established other machines are upsetting it.

Net Displacement of Labor

The actual displacement of labor by machines in most industries or industries as a whole is not, of course, as great as the potential or even the actual displacement in certain processes and even in certain industries but such data as are available show that the total volume is most disquieting. The manufacturing census of 1927 found 8,076,550 wage earners as against 9,096,350 in 1919. According to the Bureau of Labor Statistics the number of railway employes fell from 2,023,000 in 1920 to 1,783,000 in 1926. It is certainly much less now. According to a calculation made in the Department of Commerce eight groups of industries reduced their working forces by 1,823,000 between 1920 and 1927. Agricultural mechanization accounted for 800,000 of the lost jobs. While the increasing productivity of labor is not an absolute measure of labor displacement, since the total volume of production constantly grows and men are called back to run machines, it does reflect the replacement of men by machines with reference to a given amount of output; and in some degree indicates how much larger payrolls might be if the machines had not curtailed them. Taking 1900 productivity as 100 the Bureau of Labor Statistics finds that even five years ago productivity per man had increased 59 per cent in the iron and steel industry, 6 per cent in boots and shoes, 26 in leather tanning, 27 in slaughtering and packing, 83 in petroleum refining, 34 in paper and pulp, 61 in cement, 172 in automobiles, 211 in rubber tires, 40 in flour milling and 28 in sugar refining.

Up to 1925-27 new jobs in new industries and old industries about offset the reduction of employment in other industries. Despite its remarkable gain in productivity the automobile industry added 1,166,000 employes, counting every phase of it, even to chauffeurs. Motion pictures added 150,000 and domestic and personal service, 694,000. But with the saturation of

(Please turn to page 68)



Before Mechanical Slaves Replaced Human Slaves

Reproduction of plan and elevation of the slave ship Brooks submitted to the British parliament in 1818, showing how the human cargo was packed—six feet by sixteen inches to a man, less for women and children. This little boat carried 450 slaves. One modern power shovel does as much excavation work as the whole shipload of slaves

The Strong Hand on the Business Throttle

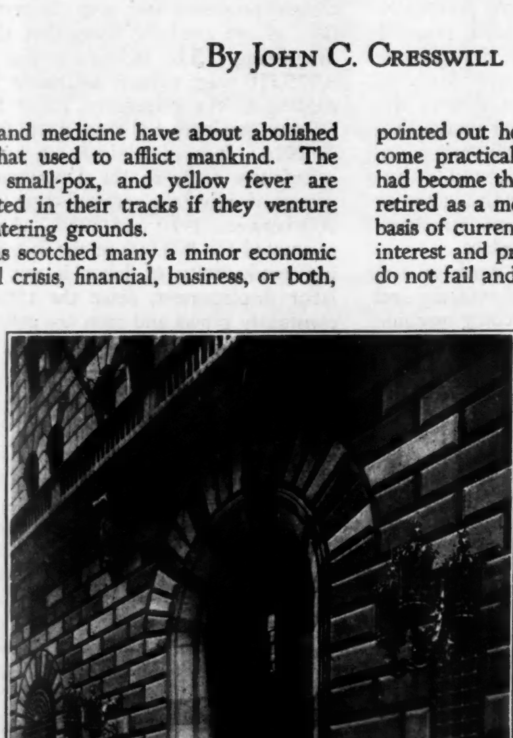
Can the Next Crisis in Business or Finance Be Prevented? The Federal Reserve Has the Power to Safeguard Against It. Will It Do It?

By JOHN C. CRESSWILL

MODERN science and medicine have about abolished the pestilences that used to afflict mankind. The bubonic plague, small-pox, and yellow fever are either eradicated or halted in their tracks if they venture to return to their slaughtering grounds.

The business world has scotched many a minor economic pest—but the pestilential crisis, financial, business, or both, still returns from time to time to prey devastatingly upon prosperity.

A year ago the President's Committee on Recent Economic Changes told us that the catastrophies that commonly mark the termination of a period of good times were avoidable — that the solution of the problem was merely a matter of conscious maintenance of the economic balance. But how to maintain the balance? People were still discussing the possibility that the balance was being currently maintained when the business machine went into the ditch with about as bad a case of unbalance as it had ever had. But even as the worst of wars was the war to end war, so the titanic debacle of last autumn may be the beginning of the end, if not the termination of cyclonic business disturbances.



Ewing Galloway Photo

Entrance to the Federal Reserve Building in New York

> *Expansion of business proceeds at the rate of about four per cent a year. The expansion of credit should keep pace with it. Above this normal means excessive speculation and its train of evils, below it means stagnation of trade.*

Economists, bankers, business leaders and statesmen the world over are giving study to the problem of devising a prophylactic for the great plague of economic life. Sir Reginald McKenna, chairman of the board of the British Midlands Bank, recently reviewing the history of that bank, pointed out how in its lifetime, banks as a whole had become practically failure-proof, how the Bank of England had become the great rationer of credit, how gold had been retired as a money of circulation and so economized as the basis of currency and credit that its quantitative influence on interest and prices had been greatly minimized. Banks that do not fail and gold deprived of its ancient control of prices and interest are long steps toward business stability. All the great commercial nations now have central banks or their equivalent, one of whose functions is to stabilize business; most of them have practically indestructible commercial banks. And now comes the International Bank of Reparations, which is expected eventually to become a central bank of central banks.

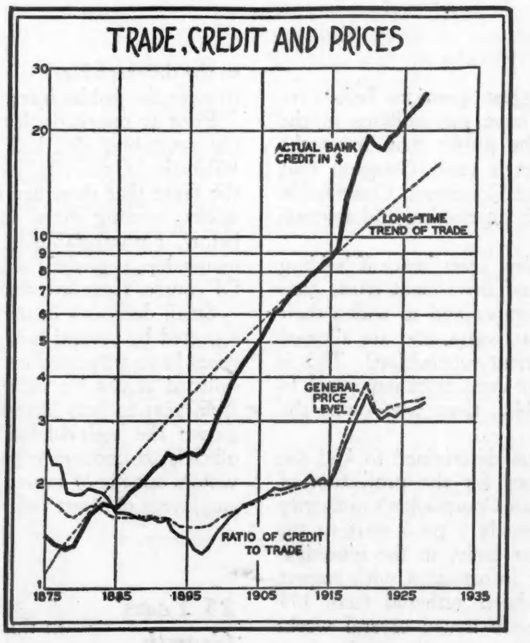
The Odd Disunity

Before the World War, it is said, the governor of the great central banks of Europe—the Bank of England, the Bank of France, the German Bank—had never even met each other. Now they are in frequent conference, and have even crossed the Atlantic on occasion to confer with representatives of our Federal Reserve System. The Bank of England even keeps a prominent American economist on its staff, as a contributory means to keeping its regulation of British finance in line with what is being done by the United States, now the greatest factor in international finance—holding the pursestrings of credit.

Our own Federal Reserve System, although it did not prevent the recent catastrophe in Wall Street, marks an enormous advance in the management of the nation's

finances. The storm it did not avoid raged futilely against its massive walls, and the stock market panic was unable to induce a money or banking panic. It was unshaken by the storm—but it did not prevent the shock from extending to the business world. Except in a very cautious and rather apologetic, even hesitating way, it did little to prevent the great crisis. It was successful in meeting it and it has been powerful in restoring the patient to health, but in a sense it failed in the highest function of a doctor of any sort, it did not keep the patient well. In truth, it is evident that the Federal Reserve System did not consider it its duty to prevent a crisis, except as admonitions might help. It warned but it did not attack. More powerful than the central banks of Europe, it is inferior to them in preventing crises. It is true that in some respects it is inferior to them in authority and powers. It is not backed by a compact phalanx of the nation's banks as are the central banks of Europe, by reason of the consolidation of the banking function into a handful of branch bank systems; its moral authority is not so great as it might be and the country's great banks do not always feel called upon to follow the leadership of the Federal Reserve. Even the reserve banks, themselves, are sometimes recalcitrant.

Far from energetically striving to prevent crises, the Federal Reserve System is held by many observers to have been responsible, by inaction, for the late stock market crisis. After it was evident to all that the use of funds by the speculative stock market had reached a dangerous point the system did begin to take some timorous corrective measures—but too late. Had it purposefully sought to prevent a crisis it would have taken steps to prevent the credit inflation that mothered the panic.



What the System Can Do

"What a Central Bank can do," Lionel E. Edie, Professor of Banking at the University of Chicago, says, "is to prevent the expansion of credit for the creation of those conditions which finally make possible a stock market crisis. Our central banks have inadvertently poured fuel into the speculative burners, and at a much later date have vainly tried to put out the fire. Bank loans made possible the commodity inflation of 1920, the land inflation of 1920 to 1927 and the security inflation of 1927 to 1929. Buyers would exhaust their purchasing power rather quickly if the banks did not replenish it. If any power can prevent the conditions which lead to crises that power lies with the banking system. What a central bank can do is to prevent the expansion of credit for the creation of those conditions which finally make possible a stock market crisis. Probably adequate defense can be given for lowering of the Federal Reserve rate in 1927, but it is hard to conceive of any adequate defense of the failure thereafter promptly to advance rates with a view of 'scotching in the shell' the speculative fever that was being born at that time."

Mr. Edie points out that the weapons for prevention of crises are mainly three-fold: moral suasion, raising the rediscount rate, and regulating the reserve. He concludes that it is a function of the reserve central banks to attempt to prevent crises, stock market as well as others, and that if they do not face their responsibilities and opportunities "we must look forward to repetitions of the disaster of 1929."

No Gold Reserve Worries

In the same economic conference in which Mr. Edie criticised the Federal Reserve System, W. Randolph Burgess, of the New York Federal Reserve Bank, stated that the old rules for banks of issue are not sufficient guidance for the Federal Reserve System, inasmuch as it by its plethora of gold is removed from the necessity of pivoting its policy on protection of the gold reserves. This statement means that the Federal Reserve System is really in a far better strategic position to deal with constructive policies, as well as emergencies, than the foreign central banks that have always to watch their reserves. "Thus the Federal Reserve System," says Mr. Burgess, "has not only a unique responsibility, but a unique opportunity. *Its policy can be determined not by what it has to do but what is best for it to do for the well-being of the country.* * * * * * The question which must be answered is how much credit is good for the country and what restraints should be put upon its use. * * * * * Greater economic stability and more continuous prosperity depend on curbing the excess and stimulating the deficiencies of business and especially upon curbing the excess; for over-production and over-speculation are the forerunners of business depression, unemployment and distress. It is at this point that a bank of issue, *and particularly a bank of issue in this country,* under present conditions should perform its most useful service, for easy credit is a stimulant and tight credit is a depressant, and the bank of issue can throw its influence toward easy credit or tight credit." Dr. Burgess significantly quoted the following paragraph from the report of the President's Committee on Unemployment in 1923:

> Credit conditions are of major importance in the upward movement of the cycle and in precipitating the decline, so that the first and most important method of controlling the cycle and preventing excessive expansion should be found in the fundamentals of our banking situation. Control of expansion so that production is allowed to increase and business is actively stimulated to a proper degree, while expansion is checked at the stage when it becomes dangerous, is a fundamental principle already accepted by bankers.

Need of Action Determinable

Even more significantly, Dr. Burgess adds: "It is not impossible at any time to decide whether business needs a stimulant or a depressant. With the wealth of statistics now available we know for most lines of business and trade,

(*Please turn to page* 48)

¶ *Are the railroads slipping from under the regulatory hand of the Commerce Commission?*

¶ *Are they at the same time escaping the just control of investor ownership?*

¶ *The future market in railroad shares hangs on the answer to the question:*

Who Owns the Railroads?

By PIERCE H. FULTON

WHO owns the railroads?

This is one of the biggest questions before individual investors, who have put millions in the aggregate into railroad stocks; the public that "pays the freight"—hundreds of millions each year; Congress that makes the laws and the Interstate Commerce Commission that is charged by that body with supervising and regulating the railroads.

Who will own the railroads a few years hence if holding companies, securities companies and investment trusts continue to increase as rapidly in number and to widen their market activities, as in the last two years, and are allowed to go on unrestrained by government supervision? This is another question which may prove even more important to individual investors and the public, than who owns the railroads at the present time.

Congress and the I. C. C. seem determined to find the answer to both of these questions for the protection of investors and also of the Commerce Commission's authority over the railroads. They have made a good start in the resolutions adopted by the former body, in the investigations that are under way, in the information with respect to railroad ownership that has been gathered from 175 Class 1 railroads to a questionnaire issued several weeks ago, and through the information constantly at the command of both bodies from numerous other sources.

Individual Stockholders

Who owns the railroads? This question naturally suggests others. Is it the public, the insurance companies, the banks, the investment trusts, securities companies, or, most of all, the railroad holding companies?

Obviously, if you will add together these various kinds of owners you will have the answer to the main question around which this article is being written. The vital point, however, is to find out, not just how many shares each group may hold at a given time—it will vary considerably —but the trend of ownership, chiefly by securities companies and railroad holding companies.

It is highly important also to attempt to determine the significance of the big holdings already of these recently organized mediums and the effect upon individual investors, shippers and the railroads themselves, of the seemingly certain increase of such ownership.

All this can best be done by a process of elimination as to the different kinds of ownership at the present time. Let us take the public interest first.

Prior to recent disclosures at Washington and elsewhere the prevailing idea had been that the public did own the railroads. Generally speaking, this is still true, at least in the sense that there are more individual holders of railroad stocks, owning more shares in the aggregate, than ever before, notwithstanding the highly centralized buying and ownership, regarding which we will have more to say later. Of course, there are some notable exceptions.

Small decreases in the number of stockholders have been reported by several railroads. But in the main, the last 25 years have witnessed an ever growing volume of buying in railroad stocks by individual investors. Annual reports from year to year have disclosed this fact. They have also shown the well-defined efforts by railroad directors and officials to encourage such buying, both by individual investors outside of railroad organizations and by officials and employees of those organizations.

25 Years' Growth

To make clear what has been going on in this direction it is necessary to present only a few figures. In 1901, when the Northern Securities Co. was being organized to take over Great Northern and Northern Pacific, each company had only about 1,800 stockholders. A great part of the stock then outstanding was in the hands of James J. Hill, "Empire Builder of the Northwest," John S. Kennedy, William E. Dodge, Lord Strathcona, close associates of Mr. Hill, who piled up millions by staying close and buying the shares of the railroads and other enterprises that their great leader organized and so ably directed.

At the end of 1926, or about 25 years later, and shortly before the official date of the plan for again unifying the two "Northerns," on which the Interstate Commerce Commission handed down its decision last February, Great Northern had 43,743 stockholders, who owned 2,489,349 shares. Northern Pacific had roughly 37,000 stockholders, owning practically the same number of shares.

Similar and quite striking comparisons could be made in the case of most of the large railroad systems of the United States. Pennsylvania has 206,312. This vast horde of investors is scattered over the civilized world. How different from 25 to 50 years ago. Then a few wealthy

individuals among Philadelphia's aristocracy, and a handful of Quakers, owned the stock of Pennsylvania. It consisted of only a correspondingly small number of shares compared with the $670,000,000 now outstanding and the $200,000,000 more recently authorized.

New York Central has approximately 53,000 stockholders. During the World War, when the Government had control of the railroads, this company had only about 35,000 stockholders. In the case of the New York Central and several other large systems the number has been rapidly increased in recent years by the offering of stock to employees on attractive terms.

Atchison has a little over 59,000 stockholders, Southern Pacific 55,600, St. Louis-San Francisco has around 15,000 owners and the number is increasing monthly.

The big point to bear in mind right here is that, in spite of all the buying in the last few years or so by investment trusts, securities companies, and railroad holding companies, the number of stockholders in most of our big railroad systems has increased. The exceptions have been in the case of those in which there has been big buying by holding companies seeking control.

Is it the Insurance Companies?

How about the insurance companies? Do they own the railroads? For years insurance companies of every kind have been big buyers of railroad stocks. While in the aggregate they own many thousands of shares, still their holdings are small in comparison with the whole amount outstanding, and with the aggregate in the hands of individual investors. From present indications insurance companies, like the bona fide investment trusts, never will seek control of the railroads, but will continue only as good sized investors in the stocks, as well as bonds, of railroads of the highest class.

Right here it is pertinent to call attention to what might have happened in the way of insurance company control of the railroads if a well-laid plan over a quarter of a century ago had been realized. E. H. Harriman, at the height of his ambition and power in the railroad world, conceived the idea of control of the leading railroads of the United States being centered in the four big life insurance companies of New York—Equitable, New York Life, Mutual and Metropolitan.

Harriman sought to control these institutions through representation on the boards of directors, but more particularly through the investment of their surplus funds, in railroad securities. In name, they would control the railroads and he the insurance companies, and virtually the railroads.

This scheme, if it had been carried out, would have beaten any one or all of the recently devised holding companies, for centralized ownership and control of the railroads of the United States.

Theodore Roosevelt, then President of the United States, put an effective crimp in this ambitious and audacious scheme, with characteristic promptness, vigor and even bluntness. He and Harriman never were good friends thereafter, but Roosevelt performed a great service for individual investors, and the railroads as well. Even his political enemies admitted this both before and after Roosevelt passed on.

Or the Bankers?

Do the banks and private banking houses own the railroads? They never have, although for years western senators and representatives in Congress have talked freely and rather loosely at times about banking or Wall Street control of the railroads.

It should be explained that until recently, financial institutions, with a few exceptions, never have exercised important control over the railroads of the United States, because of the ownership of a preponderating number of shares. Whatever voice they have had and used has been of an indirect or nominal character, largely because of the obligations under which certain railroads have felt themselves placed by the financial assistance rendered by bankers, in bad times and good, with whom they have done business regularly. (*Please turn to next page*)

But within the last two years or less, there has sprung up a new situation in this respect. Many financial institutions have organized securities companies, investment trusts and trading corporations.

Through these mediums many thousands of shares of railroad stocks have been bought. Generally speaking, it would seem safe to assume that strict investment trusts bought into the strongest railroad systems purely for investment, while trading and securities companies seemingly have bought partly for speculation as well as investment. In addition these latter organizations, through their position as large stockholders, have sought representation on the directorates of various roads and a voice in their management and financing. They have in short become very potent part-owners of the railroads.

Holding Companies' Position

Both Congress and the Interstate Commerce Commission have been more actively and vitally concerned in recent weeks in determining the extent to which the railroads of the United States are owned by a few holding companies organized within the last two or three years by two large railroads than ownership by any other well-organized medium, although several kinds have come under official scrutiny.

Casual observers who had believed that the public owned the railroads of the United States were surprised in reading the statement presented by Joseph B. Eastman, Interstate Commerce Commissioner, in connection with his testimony before the Congressional Committee that has been looking into railroad holding companies with a view to the enactment by Congress of legislation that would give the Interstate Commerce Commission authority over them, similar to that exercised over the railroads.

The figures presented by Mr. Eastman would seem to furnish good ground for the apprehension of the Commission and Congress over the activities of only two of the best known railroad holding companies. His statement showed that one of them, controlled by the Pennsylvania Railroad, owns virtual, if not actual, control of railroads not now in the Pennsylvania System proper, located all the way from the Maine Coast to the Mississippi River.

Mr. Eastman's statement showed also that another holding company, controlled by the Van Sweringen brothers of Cleveland, has a similar grip on roads from two important points on the Atlantic Seaboard, all the way to Salt Lake City. In his testimony the first day of the hearing, Mr. Eastman charged "manipulations" by railroad holding companies and urged the committee of the House on Interstate and Foreign Commerce that was conducting the hearing, to find out what they really had been doing, and what they were up to, with a view to determining "who owns the railroads."

Pennroad Corporation, controlled absolutely without owning a share of its stock by Pennsylvania Railroad, through a voting trust agreement under which the president and other prominent officials are the voting trustees, owns more than 1¼ millions of shares of stocks in other railroads, as widely scattered as already indicated.

Alleghany Corporation, controlled by the Van Sweringens, although the public furnished the money with which to pay for the millions of stocks and bonds of other railroads that it has in its treasury is the other railroad holding company over which the Interstate Commerce Commission has been especially concerned for some time. There are others, notably Pennsylvania Co., wholly owned by Pennsylvania Railroad.

As for the Alleghany Corporation alone, Mr. Eastman's statement showed that through it the Van Sweringens controlled 2,589,584 shares of stock and $24,000,000 par value of bonds of various other railroads. Some of these securities were issued by roads already in the Van Sweringen system and some by roads still outside of it.

A Huge Enterprise

The Cleveland brothers also control Chesapeake Corporation, which owns outright the Virginia Transportation Co., still another of the many holding companies that they have caused to be organized and through which they have successfully operated for the roads that they have bought.

Virginia Transportation Co. owns 700,000 shares of Erie Railroad stock and $350,250 rights to purchase stock of Pittston Co., owned by the Erie, and a company through which the Erie proposes to segregate its coal properties.

It is well to digress for a moment to call especial attention to the Pittston Co. Mr. Eastman appeared to be particularly concerned over its possibilities. It furnishes an interesting and important link in a long chain of holding companies which are planning, apparently, to do much more than own large blocks of railroad stocks.

This company demonstrates by what it has done already that through such a chain of holding companies the Van Sweringens have carefully planned to control not only large and valuable railway properties, as common carriers, but also much of the traffic handled by those railroads through the collection and distribution of it.

The Pittston Co. has purchased control of United States Distributing Co. which, in turn, controls the Pattison & Bowns Coal Co., wholesale distributors, and U. S. Trucking Corporation, the largest enterprise of its kind in the country.

Here is the chain that has been formed. The Van Sweringens own control of Alleghany Corporation. It owns over 70% of Chesapeake Corporation's voting stock, Chesapeake owns Virginia Transportation Co. outright, the latter owns $350,250 Pittston Co. rights. Pittston owns control of United States Distributing, it controls Pattison & Bowns Coal Co. and U. S. Trucking Corporation.

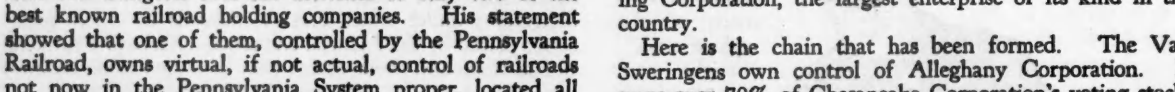
Remember that all these holdings roughly outlined in this chain are in addition to hundreds of thousands of shares of railroad stocks, and that the chain begins with the Van Sweringens and ends with the largest trucking company in the United States.

Circumventing the I. C. C.

The Interstate Commerce Commission and Congress are seriously concerned over the activities of Pennroad Corporation and the Alleghany Corporation, with respect to what they can do in the way of consolidating many railroads in the United States, without the Interstate Commerce Commission having any authority over what they might undertake and accomplish.

No one who has a reasonably good knowledge of the railroad situation believes that the Van Sweringens will

(*Please turn to page 68*)



Things To Think About

THERE is a form of transportation that is seldom, if ever, seen and probably very little appreciated. Yet every year it carries millions of gallons of oil or millions of, cubic feet of gas from the production fields to the cities and other great centers of consumption. These invisible highways of fuel which we call "pipe lines" form a vast network of system covering nearly all parts of the country. Night and day they transport their silent freight from pumping station to pumping station. Through mountain passes, under rivers, up hill and down dale run the tubes of potential power. Millions of dollars of capital are already invested in them and millions more are going into new lines. A rapid development of natural gas is steadily calling for more lines and new systems. Pipe mills are turning out miles of tubing to follow in the trench made by the ditch digging machines which move majestically and relentlessly forward. A huge industry, whose sphere of influence already indirectly affects many others, is growing up around our pipe lines.

* * *

Hot Air and Nitrates

WHILE Congress has been talking for more than ten years about making nitrates at Muscle Shoals private industry is making them on an enormous scale at Hopewell, Va. In its great nitrogen fixation plant there, the largest in the western hemisphere, the Atmospheric Nitrogen Corporation, a subsidiary of the Allied Chemical and Dye Corporation, is making over 350 tons daily of sodium nitrate and anhydrous ammonia. The plant cost $37,000,000 but it only a quarter as large as it is to be ultimately. This is cheerful news for American farms and farmers, but not so good for the Chileans. Nature's great sodium nitrate plants in Tarapaca and Antofogasta will lose customers to man-made plants. But if we cease to buy nitrates from Chile what will she use for money when she buys from us? Trade, national and international, is ever like a man on a tight rope—the struggle for balance is endless.

* * *

General Transportation for Sale

THE railways are stocking up with all forms of transportation. They offer you the choice of rail, motor bus or a combination of both; a trip by airplane or half-and-half with the cars. Instead of competing with new forms of transportation the rail companies are taking them on. They were wont to complain that the trucks and buses had their roads built at public expense out of taxation. Now they get their share of public ownership benefits by running their own trucks and buses over the public highways. In some instances they have torn up their rails and put all their traffic on the highways. Their airplanes are taking full advantage of the free ready-made road to anywhere. If the rail companies happen to be without their own passenger buses in a given territory they co-ordinate with independent motor companies. For instance, the Pennsylvania co-operates with the Greyhound Lines, in passenger service between the Atlantic and the Mississippi River, which operates 425 buses and carries 3,000,000 passengers annually. As purveyors of any kind of transportation the railroads will prosper as long as people travel and freight is moved. Eventually those billion passengers the railways have lost to buses will be in their cash records again.

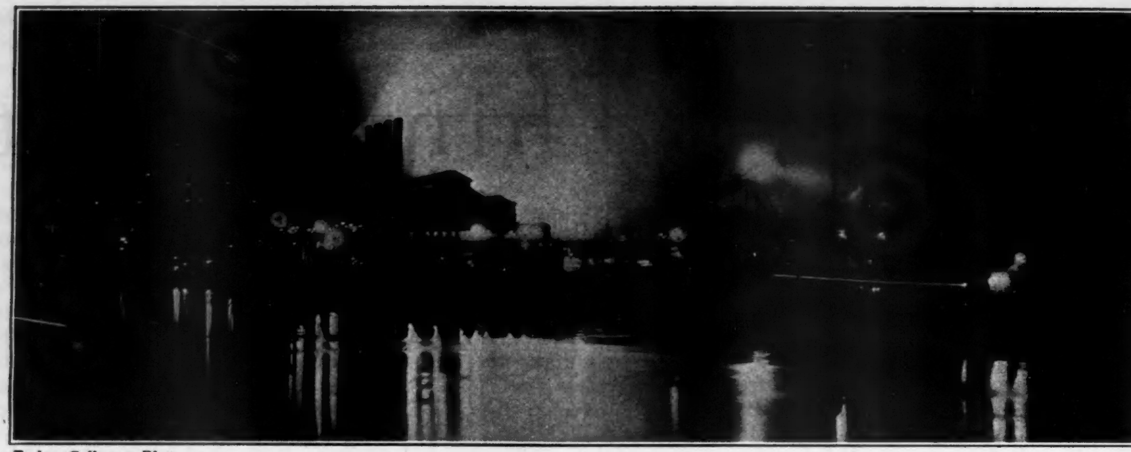
* * *

"Send Up a House!"

HOW would you like to walk into a store and buy a house, leave the location of your lot, and move in next week? That's what the building industry is thinking about. Location is suffering in competition with transportation. One can acquire an automobile so easily and cheaply that people are thinking more about a car than a house. "How many automobiles would be bought if a would-be rider had to buy the parts and employ the local garage man to put them together?" asks Leonard P. Reaume, president of the National Association of Real Estate Boards. And that is the way he buys a house. Building materials, he says, "are still being made to fit the size of a man's hand. They are transported to the site and assembled in the course of two or three months by the most expensive methods of hand labor that the world has ever seen." No wonder it requires the average man's entire income for four or five years to buy a home. The automobile as a practical thing is only about 25 years old, but already there are as many automobiles as dwelling houses in the United States. They get cheaper and cheaper; houses get costlier and costlier. One of these days houses will be manufactured instead of built. Then people can afford to own location as well as transportation.

Courtesy, A. O. Smith Co.

View showing difficulties encountered in laying pipe lines



Ewing Galloway Photo

What's Ahead For Steel?

Strong Position of Industry Even During Business Recession. New Processes and More Profitable Products Combine to Enhance Investment Promise of Steel Securities

By Gilmore Iden

STEEL is a basic commodity and by that is generally meant a certain essential demand is expressed for it naturally. During times of stress, however, this statement deserves a careful analysis and that analysis will prove of little avail unless it takes into consideration the competitive relationship the product has among the industries of the country. We might recall that cotton, too, has been considered a basic commodity, but just because the greater bulk of cotton is grown in the United States is no assurance that the industry has been guaranteed prosperity.

During 1929 the United States produced 56,000,000 tons of steel. It was a record. Fourteen countries of Europe produced together about 57,000,000 tons. German production was 16,246,921 tons, whereas England produced 9,654,700 tons. It has been estimated upon good authority that the world produced 117,850,000 gross tons of steel during 1929, an increase for the year of 9 per cent, whereas the world production of pig iron was 96,180,000 tons, or an increase of 10.6 per cent over 1928. When we take into consideration that the 1929 production of steel in the United States represented an increase of 12 per cent over 1928 and that 1928 was a record year in itself, it is obvious that a slight reduction during 1930 could not be considered detrimental to the industry.

Better Than Average Industry

As a matter of fact steel has held up better than the average industry during the period of business recession. The high prosperity which characterized the first ten months of last year was of course rudely interrupted in October, and the caution instilled at that time continued to hold sway until depleted stocks and growing demand brought operations for the 70% level of December to 86% of capacity in February. Even though some slackening subsequently took place as prices wavered, conditions in early April again assumed an encouraging character with increasing order volume from oil and pipe lines requirements, construction demand, the automobile industry and other lines. The net result has meant operating on an average of 80.4% of capacity for the first three months of 1930; and while this does not compare so impressively with 92% in the same period of last year, it does attest a new stability and an encouraging future for the steel industry and for steel securities, which, despite the year's advances have not by any means discounted the full possibilities before them.

A New Grouping

During 1929 the leading steel companies were wise enough to utilize their increased profits by improving their reserve accounts. This tendency is noticed in the reports of both U. S. Steel and of Bethlehem. During the past year three new leaders have arisen in their respective spheres of the steel industry, Myron Taylor of the United States Steel Corporation, Eugene Grace of Bethlehem and Cyrus Eaton of Cleveland. Around these three have centralized a vast grouping of steel properties of which more may be expected in the twelve months to come. A prosperous 1930 will certainly play mightily into their hands.

It may be somewhat early to prophesy profits for 1930 but certainly the experience of the first quarter may be viewed in the light of a trend. Earnings during the past three months have been irregular, especially satisfying in certain localities and in some lines, but not so much so

in others. Price declines to this date have varied from $2 a ton for the heavy products, such as bars, shapes and plates, to as much as $6 a ton for sheets and $5 a keg for wire nails. These declines in prices have had varying effects upon the companies, not being so serious with those which have been able to maintain near capacity business.

Recently the mills in the Chicago district have been operating at 90 to 95% capacity. In the Youngstown area they have been operating at a 70 per cent rate. Price declines should not mean so much to the Chicago mills because the more nearly they can maintain continuous operations and capacity operations the greater is the economy experienced in the making of their product. Pipe, wire products and automotive steels, such as strips, sheets and cold-finished bars, have not enjoyed the activity experienced by other products.

When we realize that the worst of the depression in the steel industry is past and a new year's demand is just coming in, the situation is not at all disquieting. Generally mill activity is being maintained at a good average level, at least in comparison with all but last year at this time. New business is being developed in good volume and demand is coming from diversified sources. There seems to have been a slackness in automobile consumption, but that is offset to some extent by the increase in trucks, buses and tractors. Price recessions are probably over, they will not go much lower now that spring demand is being felt. There is no unemployment of consequence in the industry. Steel is not very heavily unionized.

Coincident with the concentration of control through mergers there has also been a notable improvement in processes. For instance attempts have been made to reduce iron ore direct to iron without the conventional blast furnace. It is reputed that the tests have been successful. Of course this would radically change the art in the industry. Witness the Hornsey-Willis magnetic reduction of iron ore at the National Tube Company's plant at Lorain, Ohio. There has also been developed a mechanical puddling of wrought iron and one plant is in large scale production already. I refer to the James Aston process of mechanical puddling, now operating on a large scale at the plant of the A. M. Byers Company. By this process a two-ton converter has the same output as 88 old-fashioned puddling furnaces. The Central Alloy Steel Corporation has developed centrifugal casting of ingots at Canton, Ohio. When this is perfected it will make possible the elimination of ingot molds, soaking pits and blooming mills.

The open-hearth furnace is today being made much larger than in previous years and there has also been noted an improvement in the control devices and in the fueling. Blast furnaces have been constructed with a daily capacity of 1,000 tons or more. There has likewise developed the very profitable use of blast furnace gas for underfiring coke ovens, for making open-hearth steel, or for use in various types of heating furnaces. Such developments very naturally encourage larger companies and mass production in order that the full effect of the economies can be had.

During the past three years some rather evolutionizing developments have taken place in sheet mill practice. Short cuts, such as pack furnaces, continuous normalizing furnaces, and others have been adopted. By far the greatest development in this connection has been the continuous rolling of sheets, the American Rolling Mills Company's process, which promises to bring on to the market within the next two years a vast new tonnage of sheets. Already seven plants have been built or are being built to take advantage of this new patented process. There have also been important changes in the cold-rolling processes. Reference is made to the A. P. Steckel's sheet mill in Youngstown which combines drawing and rolling in finishing processes.

We wonder at times how all this promised production of sheets will be marketed. The automobile industry may not, of assurity, be able to consume them. But the flat-rolled steel industry does not appear to be perturbed. The mills engaged in this branch have organized a cooperative advertising campaign and are anticipating a hundred or more new uses for sheet steel. It can be pressed into endless shapes and utilized advantageously in innumerable fabricated articles, ranging all the way from refrigerators to office partitions, from steel lath and metal casements to washtubs and kitchen cabinets, from shelving to stables.

Just recently construction of a gas pipe line from the Texas Panhandle into Chicago was announced. It may cost as much as thirty million dollars. Pipe today is made cheapest from sheets by the automatic welding process. Large pipe lines consume more steel per mine than do railroads. The A. O. Smith Company has developed a highly successful method of welding pipe, and is today steel's largest single consumer, taking approximately 2 per cent of the output of the entire national output. The Gustav V. Johnston process for fast electric welding of tubes, controlled by Republic Iron & Steel Company, promises to bring a rival into the field.

What welding has already demonstrated it can do for the pipe-making industry it promises to do for other industries which consumes steel. There is now being developed a steel plate floor system which is rapidly coming into favor. Several contracts for this floor have

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A Group of Steel Stocks with Possibilities

	Price	Dividend	Yield
United States Steel Corp.	192	$7	3.65%
Bethlehem Steel Corp.	103	6	5.82
Republic Steel (New)	75	*..	...
Inland Steel	92	4	4.35
American Rolling Mills	91	2	2.20
Byers, A. M.	106	..	...
Crucible Steel	86	5	5.82
U. S. Pipe & Foundry	35	2	5.72
Otis Steel	33	2½	7.57
Gulf States Steel	70	4	5.71

* No dividends yet paid on new stock.

¶ *Three major movements are always in progress in security prices. Sometimes they coincide; again they run independently.*

¶ *How can they be recognized, forecast and utilized for investment profit?*

Profitable Intermediate Swings in the Stock Market

By John Durand

> This article is the second in the series on important phases of security investing. The next on
> ***Buying Stocks on Sponsorship***
> will appear in an early issue.

THE stock market has often been likened to the ocean with its restless ripples and waves and tides. Tides in the stock market are the great upward and downward surges, like the major bull market from 1924 to 1929 which culminated in the panic of last year. Together, the two opposing major movements are commonly referred to as an investment cycle. Major bull markets, and sometimes even bear markets, are broken up into lesser waves of upward movements and downward reactions known as "Spec-vestment," or intermediate cycles; while spec-vestment swings are in their turn interrupted by ups and downs of still shorter duration, called "Speculative" or "Trading" cycles.

All three of these principal types of movement are extremely irregular in both magnitude and duration, so that it is difficult at times to draw a clear cut line of demarcation between them. Generally speaking, however, the two main movements of the investment cycle are governed by conditions in the money market; whereas the spec-vestment cycle responds to changes in the industrial outlook; and the speculative cycle responds to news items, rumors, and shifting of the so-called "Technical condition." For purposes of discussion it is thus simpler to classify market cycles by causation than by duration or magnitude.

Subject to Money Rates

It is well worth noting that turning points in one cycle necessarily coincide with turning points in all subordinate cycles so that there is likely to be some confusion of thought when seeking the cause for reversals of considerable magnitude in the stock market. A major bear market, for example, coincides with a downward movement in the intermediate cycle along with a reaction in the speculative cycle. Thus it happens that a major bear market is ushered in by abnormally high rates for call money, signs of a coming recession in industrial activity, unfavorable rumors and news, and a weakened technical condition of the market. Very likely there will be other adverse influences. But none of these factors would lead to a major decline in the general averages were it not for the one specific cause of major bear markets — namely, a strained condition in the money market.

With money in plentiful supply, at moderate rates, the worst that could happen would be a decline of moderate proportions: namely, a spec-vestment reaction. Similarly, a spec-vestment reaction will coincide with a speculative—or technical—reaction, and so be ushered in by indications of a coming industrial recession, a weakened technical condition of the market, and adverse news developments. Without the poorer prospects for industrial activity, however, the reaction would be of relatively slight magnitude and duration, quite regardless of news and the technical condition of the market.

Declines in the Averages

Lacking unfavorable conditions of any kind whatsoever, the market as a whole will invariably continue to seek even higher levels. In a prosperous and growing country like the United States a bull market is to be regarded as normal, and reactions of varying proportions as merely temporary interruptions caused by self-correcting excesses of one kind or another. The first rule, then, for forecasting movements in the market averages is that prices will continue to rise so long as there are no unfavorable conditions to produce a reaction. This reduces the problem to one of forecasting reactions.

Coming now to the question of forecasting reactions, we find that there can be no decline in market prices so long as the technical condition remains strong; but that a weak technical condition invariably precipitates a reaction of greater or less extent. So long as call money remains abnormally low, as at present writing, reactions in the averages should not be of cataclysmic proportions or long duration, regardless of industrial conditions. A market decline

of spec-vestment proportions will always be introduced by moderately high rates for call money—say, 6% or more—and by conditions that point to a coming recession in industrial activity. Major bear markets, on the other hand, are invariably precipitated by a weak technical condition, signs of a coming recession in industrial activity, and abnormally high rates for call money—say, 14% or more. All three unfavorable conditions must co-exist to produce a major bear market.

The Magazines New Market Indicators

We have just seen that, in order to forecast reactions in the market averages, it is necessary to watch call money rates, to foresee the outlook for industrial activity, and to diagnose the market's technical condition. THE MAGAZINE OF WALL STREET'S new business indexes supply data for the first two classes of forecasting material; but it has not as yet been found feasible to devise a simple graph that will at all times indicate the market's technical condition. Our graph of weekly transactions on the Stock Exchange is a great aid in this connection, but it is a problem to which we must return later.

In order to show how the foregoing general principles enable one to utilize the Magazine's new business indexes for practical forecasting purposes we have devised the accompanying chart in which a graph of steel ingot production takes the place of our Industrial Activity graph. Inasmuch as steel is consumed in large quantities by the majority of our key industries, the amount by which steel ingot production rises above or falls below the corresponding rate of the year before is a fair substitute for our general industrial activity index, and is much simpler to chart over a period of years. The chart here shown extends back to the beginning of the Magazine's Common Stock Price Index—January 1st, 1926. Points on the two price index graphs are plotted from weekly closing prices nearest to the first of each month.

Money, Steel, and the Stock Market

The chart brings out a number of points bearing upon practical market forecastings:

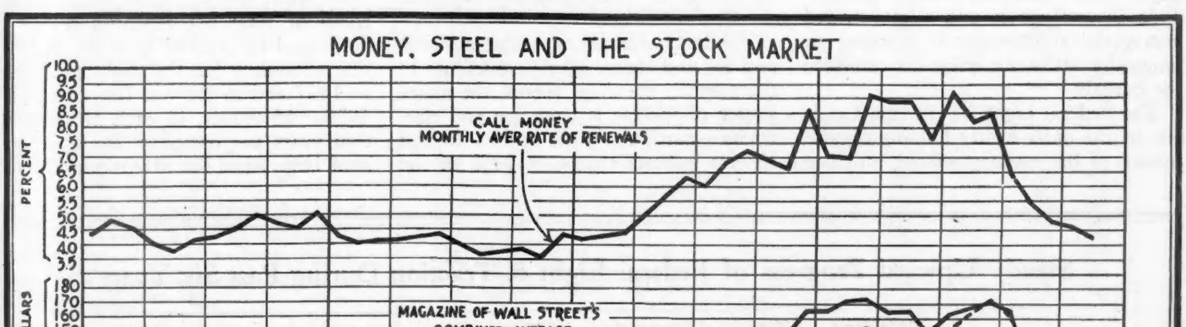
1. Movements in the steel group index parallel the Combined Average of all common stocks very closely in direction, though differing at times in magnitude. Both curves change direction at approximately the same time in nearly all instances. Expressed otherwise, we find that "turning points" (tops and bottoms of the various cycles of price movement) of the two graphs almost always coincide. "As steel moves, so goes the market," is a rather time worn expression but it retains the practical value that in forecasting the trend of either one of these graphs we are at the same time forecasting the other.

2. There are quite a few other group indexes, especially those in which there is customarily a considerable amount of speculation, whose movements tend to conform more or less closely with those of the Combined Average. Among these are Automobiles, Automobile Accessories, Copper and Petroleum. Other group indexes, as well as individual stocks, are frequently much influenced by movements in the general market, especially in the instance of a severe slump in prices. For this reason it is of great practical value for both traders and investors to be able to forecast movements in the averages. It is safest, and in the long run more profitable, not to buy stocks when a general market decline is in prospect.

3. During the period shown on the chart there were three market reactions of spec-vestment proportions—one during the first quarter of 1926, another during the second quarter of 1928, and the third during the first half of 1929. All three resulted from rising interest rates and declining steel ingot production. The reaction during the first half of 1929, when call money rose to 20%, was saved from developing immediately into a major bear market by the timely recovery in steel output that set in in March.

4. When call money rates are high (say, 10% or over) a drop of 8,000 tons in average daily ingot production is

(*Please turn to page* 58)



FEDERAL LIGHT & TRACTION 6's, 1942

A Utility Bond for Income and Profit

Steady Growth and Wide Diversification—Prospect Improved by Cities Service Control

By Miller C. Morton

WITH the bond market gradually working into a more favorable position and attractive yields in the utility division increasingly difficult to find, the Federal Light & Traction Co. First Lien 6's of 1942, selling to yield around 5.62%, appear unusually attractive at the present time.

Not only is this issue suitable for the more conservative investor seeking primarily security, but also for the bond buyer who demands steady growth, wide diversification and demonstrated managerial ability—not to mention an unusually attractive yield to complete the bargain.

The Federal Light & Traction Co. is one of the older utility holding organizations of the country serving nineteen communities with a total population close to 340,000 in the states of New Mexico, Arizona, Washington, Colorado, Missouri, Arkansas, Wyoming, New Brunswick and Canada. This wide diversification of interests serves to maintain earning power at a favorable level, even though business or industrial depression may strike rather severely in one given locality.

Electricity & Gas Dominant Products

While traction lines, water systems, and ice and steam plants contribute to the monthly earnings' report, the major source of income is from gas and electricity—particularly the latter. Recent reports indicate that over 94% of net earnings are derived from these two divisions alone; and with a steadily increasing market for gas and electricity in prospect, the gradually declining trend of earnings in the small traction division of this company is of little consequence. Even in this field, the company is rapidly remedying the situation by replacing the less effective street car lines by the more profitable bus service wherever possible.

A study of the past seven years' trend of total net revenues reveals a very healthy annual growth, making due allowance for the slight hesitation in 1927 and in the last few months of 1929. Moreover, in each of the past two years the company has appropriated large sums for extensions and im-

Steady Upward Progress of Federal Light & Traction During Past Six Years

	Electricity—K.W.H. Sold (1,000's)	Gas—Cubic Ft. Sold (Millions)	Transportation—No. of Passengers, Railway and Bus (Millions)	Water—Gallons Sold (1,000's)	Gross Income (Millions)	Net Income (Millions)	Funded Debt (Millions)	Fixed Charges Times Earned
1923	87,658	1,179	11.3	377,479	$5.5	$2.0	$13.5	2.18
1924	89,159	1,245	10.5	393,047	5.6	2.1*	9.9	2.48
1925	96,129	1,175	9.9	407,185	5.3	1.8	13.5	2.03
1926	109,223	1,280	12.8	402,549	6.6	2.1	15.4	2.21
1927	117,757	1,289	12.3	639,700	7.0	2.6*	16.7	2.43
1928	142,665	1,387	11.7	1,050,753	7.9	3.2	19.9	2.56
1929	212,344	1,768	11.2	1,190,451	8.5	3.4	19.6	2.46

* Before depreciation.

provements—totaling over $4,400,000 in 1928 alone. Obviously the future outlook has been greatly strengthened by this procedure, and yet recent annual earnings have not been disturbed to any noticeable extent.

Cities Service Control a Bullish Factor

Acquisition of the control of Federal Light & Traction Co. by the Cities Service Co. was announced in March of this year. This merger brings together two companies with combined annual gross earnings exceeding $50,000,000 and assets totaling more than a billion dollars.

It not only adds the resources and managerial experience of Cities Service; but of more immediate importance, affords for the first time an opportunity to more closely link up the widely scattered units of Federal Light & Traction. Need for a closer relationship between units has been clearly evident in recent years; but with a problem of providing many services to small sized towns—and localities not highly industrialized at that—elaborate interconnection and tie-ups were not economically feasible.

The properties involved in this merger tie in very effectively in most cases, and improved service to the communities and increased operating economies should be a natural development.

Federal to Share in Natural Gas Boom

Another outcome of this merger, and a further element of underlying strength for Federal Light & Traction bonds, is the probability that the rapid growth of the natural gas industry will contribute in no small way to future annual revenues of this company. The Cities Service Gas Co. and the Arkansas Natural Gas Corp. are only two examples of a number of natural gas distributing organizations that serve territories closely adjacent to Federal Traction subsidiaries, and the closer tie-up now made possible should be mutually profitable.

Summing the situation up: the Federal Light & Traction First Lien 6's of 1942 (stamped) offer a good degree of security in the utility holding company field, with fixed charges being covered more than twice in each of the past seven years; afford a yield well above the average at the present market price of around 103; and as a result of the recent merger, have an opportunity not only to maintain the past record of gradually increasing annual earnings, but also to share in the rapid growth and particularly bright future which appears in store for the natural gas industry.

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Panama 5½s, 1953 ....(a)	....	...	102½GT	102	5.3	5.3
Norway 40-yr. ext. 5½s, '65	....	...	100F	101	5.4	5.4
Dominican 5½s, 1942 ....(a)	....	...	101G	94	5.8	6.8
Haiti 6s, 1952 ....(b)	....	...	100	94	6.3	6.5

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Atchison, Top. & S. F. Conv. 4s, 1955..	267.4	5.51	110	92	4.3	4.5
Pennsylvania 5s, 1964	....	3.25	102T	104	4.8	4.7
Illinois Central 4¾s, 1966..............	....	1.75	102½GT	99	4.8	4.8
Central Pacific Guar. 5s, 1960.......(a)	....	2.25	105GT	102	4.8	4.8
Southern Railway Dev. & Gen. 6s, 1956	133.8	2.48	....	117	5.1	4.8
Rock Island-Frisco Terminal 1st 4½s, 1957 ....(d)	....	X	102½T	93	4.7	4.8
Missouri Pacific 1st & Ref. 5s, 1977 (a)	125.2	1.28	105A	100	5.0	5.0
Great Northern Gen. A 7s, 1936.....(b)	130.8	2.36	....	109	6.3	5.1
N. Y. Chic. & St. L. Ref. 5½s, 1974 (a)	59.6	2.12	105	107	5.1	5.1
Western Pacific 1st 5s, 1946........(b)	....	1.27	100	98	5.0	5.1
Central of Georgia Ref. 5½s, 1959.....	31.1	1.56	105AG	104	5.2	5.2
Chic. & W. Indiana 1st Ref. 5½s, 1962	49.9	1.50	105	104	5.2	5.2
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 ....(b)	13.9	X	107½T	110	5.5	5.3
Wabash Ref. & Gen. 5½s, 1975....(a)	62.4	1.75	105AG	103	5.3	5.3
Nor'n Pacific Ref. & Impr. 6s, 2047 (a)	166.7	2.43	110G	112	5.3	5.3
Balt. & Ohio Ref. & Gen. 6s, 1995..(a)	284.2	2.05	107½AG	108	5.5	5.5
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.59	....	90	4.4	5.5
Cuba R. R. 1st 5s, 1952..	....	2.78	....	80	6.2	6.8

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Pacific Gas & Elec. Gen. Ref. 5s, 1942..	34.36	1.92	105T	102	4.9	4.8
Montana Power Deb. 5s, 1962......(a)	3.47	2.67	105T	101	4.9	4.9
Columbia Gas & Elec. Deb. 5s, 1952....	....	5.15	105T	101	4.9	4.9
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.62	....	100	5.0	5.0
Consol. Gas of N. Y. Deb. 5½s, 1945 (a)	....	5.40	106T	106	5.2	5.0
Utah Power & Light 1st 5s, 1944......	....	2.90	105	100	5.0	5.0
Hudson & Manh'n 1st Ref. 5s, 1957.(b)	5.9	2.63	105	98	5.1	5.1
Detroit Edison 1st & Ref. 6s, 1940..(b)	14.0	3.27	107½T	106	5.6	5.1
Postal Tel. & Cable Co. Tr. 5s, 1953....	0.6	1.99	105	94	5.3	5.4
Amer. W. Wks. & El. Deb. 6s, 1975.(a)	12.7	1.43	110	107	5.6	5.5
Seattle Electric—Seattle Everett 1st 5s, 1939 ....(d)	....	2.01	105	93	5.2	5.5
Northern Ohio Tr. & Lt. Genl. & Ref. 6s, 1947 "A" ....(a)	8.4	2.20	110	101	5.9	5.9
Phil. Rap. Trans. 6s, 1962 ....(c)	10.0	1.31	105	88	6.8	6.9

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Allis Chalmers Deb. 5s, 1937........(a)	....	4.61	103T	101	4.9	4.7
Gulf Oil Deb. 5s, 1947 ....(c)	....	4.59	104AT	101	4.9	4.8
Youngstown Sh. & Tube 1st 5s, 1978.(a)	....	3.74	105T	102	4.9	4.9
International Match Deb. 5s, 1947...(a)	....	57.03	109T	99	5.0	5.0
Amer. Cyanamid Deb. 5s, 1942........	....	9.52	100	97	5.1	5.2
Sinclair Pipe Line 5s, 1942..........(a)	....	3.68	103	98	5.1	5.2
National Dairy Prod. Deb. 5¼s, '48.(a)	3.10	6.99	103½	99	5.2	5.3
Chile Copper Deb. 5s, 1947...........(a)	....	5.69	102T	95	5.2	5.3
B. F. Goodrich 1st 6½s, 1947.......(a)	....	2.61	107A	107	6.0	5.8
U. S. Rubber 1st & Ref. 5s, 1947....(b)	2.6	1.70	105A	87	5.7	6.3

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Amer. Cotton Oil 5s, May 1, 1931......	....	19.32	105	100½	4.9	4.4
Humble Oil & Ref. Deb. 5½s, '32..(b)	....	8.05	102½A	101⅞	5.4	4.6
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931..................(a)	17.8	2.12	102	101⅛	5.9	4.7

Convertible Bonds

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Atch., Top. & S. F. Deb. 4½s, '48..Com.@166.6		5.51	102	135	3.3	..
Inter'l Tel. & Tel. Deb. 4½s, '39..Com.@66⅔		6.02	102½	125	3.6	..
N. Y., N. H. & Hart., 6s. '48.......Com.@100		1.09	....	125	4.8	..
Chesapeake Corp. Col. Tr. 5s, '47...C&O@196		2.45	100	100¼	5.0	5.0
Amer. Inter'l Corp. Deb. 5½s, '49..Com.@80		2.34	105	99¾	5.4	5.5

All Bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter. F—Not callable until June 1, 1935.

What 14-cent Copper Will Mean to the Industry to Investors

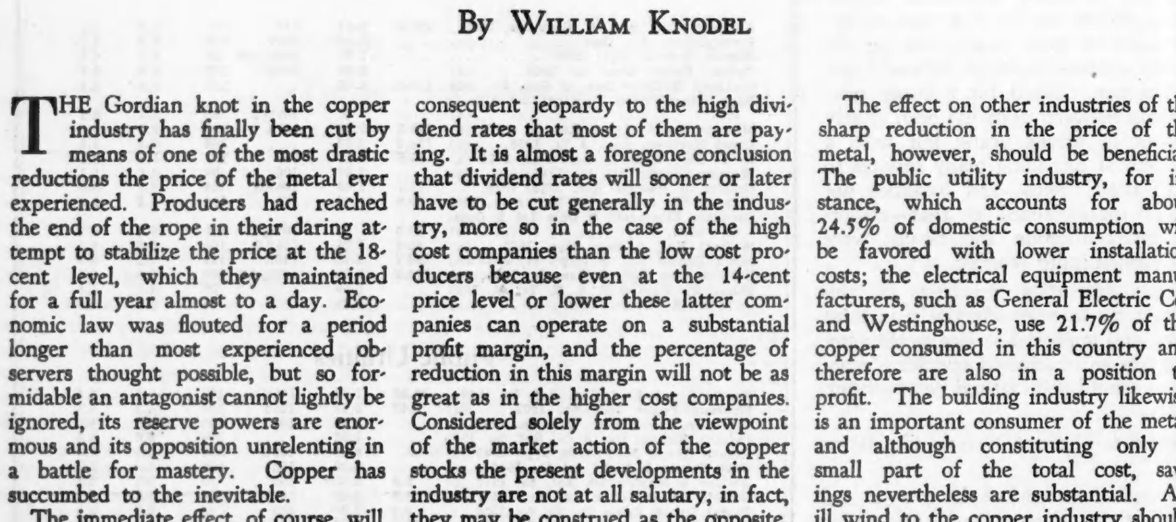
New Basis of Valuation for Copper Shares Necessary—Other Industries Favored by Cut

By William Knodel

THE Gordian knot in the copper industry has finally been cut by means of one of the most drastic reductions the price of the metal ever experienced. Producers had reached the end of the rope in their daring attempt to stabilize the price at the 18-cent level, which they maintained for a full year almost to a day. Economic law was flouted for a period longer than most experienced observers thought possible, but so formidable an antagonist cannot lightly be ignored, its reserve powers are enormous and its opposition unrelenting in a battle for mastery. Copper has succumbed to the inevitable.

The immediate effect, of course, will be a sharp reduction in the profits of the copper producing companies, with consequent jeopardy to the high dividend rates that most of them are paying. It is almost a foregone conclusion that dividend rates will sooner or later have to be cut generally in the industry, more so in the case of the high cost companies than the low cost producers because even at the 14-cent price level or lower these latter companies can operate on a substantial profit margin, and the percentage of reduction in this margin will not be as great as in the higher cost companies. Considered solely from the viewpoint of the market action of the copper stocks the present developments in the industry are not at all salutary, in fact, they may be construed as the opposite, at least until a period of equilibrium has been reached.

The effect on other industries of the sharp reduction in the price of the metal, however, should be beneficial. The public utility industry, for instance, which accounts for about 24.5% of domestic consumption will be favored with lower installation costs; the electrical equipment manufacturers, such as General Electric Co. and Westinghouse, use 21.7% of the copper consumed in this country and therefore are also in a position to profit. The building industry likewise is an important consumer of the metal and although constituting only a small part of the total cost, savings nevertheless are substantial. An ill wind to the copper industry should prove a favorable one for numerous others.



The reduction in the price level of copper has not entirely clarified the situation for copper producers. Prior to the cut, the failure of copper securities to recover to any great extent from the low point reached in the market crash last Fall, had for some months indicated the doubtful position of the industry particularly with reference to the price situation. The fact that the producers were able to maintain the price at the 18-cent level for so long, despite inventories that were steadily mounting and a much reduced demand incident to the business depression following the collapse of the stock market nevertheless was bona-fide evidence that the industry was in a much stronger position than ever before in its history. Previously, copper was always extremely sensitive to changing business conditions, the price acting as a barometer when a downturn was imminent.

Earnings Position of the Leading Copper Companies

	Cost of Production After Depreciation, But Before Depletion, Cents per Lb.	Earned per Share 1929, with 18c Copper	Per Share Difference in Earnings per 1c Reduction	Estimated Earnings per Share with 14c Copper	Present Dividend Rate	Recent Price
Anaconda	9.0(a)	$8.65(e)	$1.00	$4.65	$7.00	64
Calumet & Arizona...	9.5	9.18	1.55	2.98	6.00	70
Calumet & Hecla ...	11.2	3.67	0.60	1.27	4.00	21
Cerro de Pasco.......	(b)	7.20(e)	0.87	4.32	6.00	55
Granby	12.6	6.24	1.35	0.84	8.00	40
Howe Sound	6.2(c)	7.38	0.85	3.98	4.50	34
Inspiration	11.1	4.02	0.90	0.42	4.00	21
Kennecott	7.8	5.63	0.62	3.15	5.00	48
Magma	10.0	7.35	0.93	3.63	5.00	39
Miami	12.5	5.12	0.78	2.00	4.00	23
Nevada	9.5	3.60	0.55	1.40	3.00	22
Phelps-Dodge	11.6	4.80	0.70	2.00	3.00	37

(a) Estimated from production costs of former component companies—Chile, Andes, Greene Cananea, and old Anaconda properties. (b) Cerro de Pasco is large silver producer as well as copper. In 1928 company separated costs into 11.0 cents per lb. for copper and 38.6 cents per oz. for silver. (c) A large lead, zinc and silver producer. (e) Estimated.

Success for the producers in their attempt to stabilize the price at the 18-cent level depended chiefly on an expected revival of demand. The statistics so far this year have indicated that this has not materialized, in fact, consumption of the metal has been running considerably below the same period last year. The electrical industry, as a whole, accounts for 65% of domestic consumption of the metal and with the announced intention of public utility leaders at the beginning of the year for outlays even greater than in 1929, together with similar announcements from other industries, made it appear perfectly logical that demand for copper would revive early in 1930. The failure to do so to the extent expected is probably the reason for the recent sharp drop in the price of copper.

In the meantime another situation was developing. Awaiting the revival in demand, most of the large producers had curtailed their outputs as much as 40% of capacity, thereby affording protection to some of the smaller producers while disposing of record breaking outputs at prices slightly shaded under the stabilized level. This was particularly true in the foreign market because in the domestic market many of the copper consuming outlets, that is to say the fabricating companies, are directly or indirectly controlled by the same large interests that were attempting to hold the price at the high level. The cut in the price alone will not entirely remedy this situation because the larger companies by continuing their policy of curtailment and maintaining the price of copper firm at a lower level still offer the non-cooperating companies the advantage to dispose of capacity production at concessions. This condition will obtain as long as demand fails to equal output, or until a free and open market prevails. The problem of the custom smelters still persists, offering a threat to the price structure at any level because of the necessity of the quick disposal of their output.

Industry on Sounder Basis

The greatest problem the industry has always had to face was the periodic overproduction induced by the continual wide fluctuation in copper prices. Fundamentally the industry at present is in a much better position to combat this evil than before, but quite evidently there is still a certain significant margin lacking to make the industry immune. Control of production is much more concentrated than ever before; and the trend in this direction is continuing as is indicated in the proposed merger of the Phelps-Dodge properties with Calumet & Arizona. The four leading copper interests control about 80% of the production capacity of North and South America, and these two continents produce about 78% of the total world's output. American companies are moreover heavily interested in the newer development projects in other fields.

A more important step looking toward the eventual stabilization of the industry is the great extent of integration that has taken place within recent years whereby a number of the large producers have obtained control of the fabricating companies in this country. Anaconda Copper now controls roughly 42% of the brass manufacturing capacity of the country, and 35% to 40% of the wire capacity. Kennecott, through acquisition of the Chase Companies last year, controls about 16% of the brass capacity and an associated company, American Smelting & Refining Co., considering its affiliation with General Cable controls about 25% of the wire and 20% of the brass capacity of the country. Phelps-Dodge is believed to control 18%-20% of the wire and about 8% of the brass capacity through various arrangements. Together, the three interests therefore control approximately 90% of total brass capacity and 75% of the total wire capacity. These acquisitions of fabricating subsidiaries give the copper companies a link with the ultimate consumption that is necessary in attempting to stabilize the copper industry through balancing production with consumption.

Real stabilization, however, concerns itself with a broader aspect than only the domestic situation despite the preponderance of American capital in the industry. Not only do important foreign interests produce large quantities of the metal but the fact that the market for copper is a world-wide affair cannot be ignored. Apropos of the present situation, the London Standard market long reflected the technical weakness of copper, before definite developments occurred here. For instance, in March, 1929, at the time of the "copper squeeze" the price of "Standard" copper in London touched a peak

(Please turn to page 71)

ST. LOUIS-SAN FRANCISCO

A High Yield Rail

Combines Liberal Return With Interesting Profit Possibilities

By Herbert L. Martin

CONTRARY to the implications of its corporate title and the abbreviated but more popular nickname, "Frisco" is not a transcontinental railroad. It has no western terminus on the Pacific Coast. In fact, until recently, the road was a wholly inland system and possessed no outlet to tidewater on either Atlantic or Pacific seaboards, except indirectly through its connections with the Central of Georgia, the Southern and Seaboard Airline at Birmingham, Alabama.

Frisco, nevertheless, is strongly situated. Operating over 5,800 miles of steam railroad, the system spreads its network into a territory whose rapid development during the last decade has done much to enhance the carrier's earning power. Reaching, like so many fingers, from Kansas City and St. Louis on the north, the road's trackage extends westward into Kansas, covers most of Oklahoma and runs in a southerly direction well into Texas.

From the northern terminals, the main line runs through Arkansas to Memphis, Tennessee, thence through the northeastern corner of Mississippi on southward to Alabama's important steel and coal mining center at Birmingham. Here its traffic is taken by the three connecting roads already mentioned and carried to Florida and South Atlantic ports.

Lucrative Territory

Traffic density is highest on the lines from Kansas City to Birmingham, although tonnage of freight and number of passengers carried one mile per mile of road increased strikingly on the system as a whole between 1921 and 1925, since which time there has been a moderate decline in this index.

The branches to Oklahoma and Kansas cover a territory rich in oil and agricultural resources. In serving these and other portions of the region east and west of the Mississippi River, Frisco enjoys the advantage of having the shortest routes between such metropolises as Kansas City and Birmingham and from St. Louis to Tulsa, Oklahoma City, Dallas and Fort Worth.

Through a connection built to tie in the Muscle Shoals, Birmingham & Pensacola railroad, acquired in 1925, Frisco now has access to its own terminal on the Gulf of Mexico and thus no longer stands as a land-locked system as it did in former years. Completion of the link between the Frisco and its subsidiary's trackage has given the parent road facilities for handling traffic moving from the Middle West to South and Central America, as well as to the Pacific Coast, via the Panama Canal. Thus, somewhat indirectly, the road comes nearer to removing the contradiction of its official name.

Of greater importance, however, is the fact that this outlet materially strengthens the road's traffic position. The new mileage to Pensacola, thus far, has not produced the results expected of it. But, in time, it should bring hoped-for benefits to the system as a whole since the road now has access to one of the finest harbors on the Gulf. Meanwhile, the management has attained a much desired strategic advantage through this acquisition.

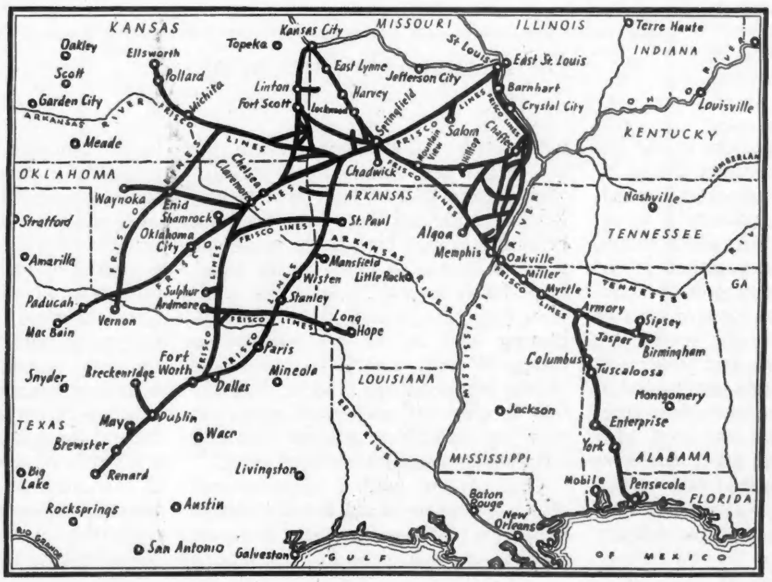
To the foresight and skill of this management, Frisco is indebted for a good share of its progress since

St. Louis-San Francisco Railway Company

	Funded Debt	Preferred Stock	Common Stock	Total Operating Revenue	Net Income	Operating Ratio %	Earned per Share on Common	Dividend Rate
	In Millions							
1922	$293.59	$7.50	$50.45	$83.01	$0.99	75.45	$1.28	....
1923	292.33	7.50	50.45	89.63	4.03	73.56	7.92	....
1924	290.52	7.50	50.45	90.51	6.33	70.81	13.05	....
1925	298.84	7.50	50.45	94.72	7.49	69.61	15.69	$5.50
1926	310.21	7.50	50.45	94.41	7.92	69.83	14.91	7.00
1927	307.85	7.50	65.54	89.26	7.61	69.76	11.29	7.75
1928	285.33	48.83	65.54	85.78	8.13	69.76	10.88	8.00
1929	280.61	49.16	65.54	89.11	10.19	70.05	11.82	8.00

the trying days of 1916, when the present company came into being out of a thoroughgoing reorganization. Operating ratio, always an excellent index of managerial capacity, is lower than in the case of any southwestern road except the Kansas City Southern and has averaged around 69.75% for the past five years.

Frisco is also favored in another respect. The noteworthy resemblance of the road's traffic composition to that of the Atchison has a strong stabilizing influence on earnings. Freight tonnage is very well balanced by virtue of the widely diversified character of the commodities produced in the system's territory. Generally speaking, the percentage relationships between various classes of freight has tended to become more favorable year by year.



Products of agriculture comprise one of the most important classes of freight. This item, however, has lost some of its relative importance since 1922, in which year agricultural products accounted for 14.51% of all freight. While this figure slowly declined to 12.94% for 1928, a growing volume of manufactures and miscellaneous freight has fully counter-balanced the change as well as a similar comparative recession in volume of forest products. Thus, merchandise freight composed 39.29% of total freight traffic in 1928 against 29.32% in 1922.

The lessened importance of agricultural tonnage, however, as compared with earlier years, is of no great consequence, especially in view of the changed economic status of the farm industry and the constant agitation for lower rates on farm products. Agriculture no longer holds to the old rule of prosperity in that field whatever the condition of financial and industrial centers.

Products of mines, of which bituminous coal is the principal item, constitute the largest single item in the tonnage figures which also include a high proportion of petroleum products. In respect to its coal traffic, Frisco is again favored, since fluctuations in this item are less pronounced in the case of a road serving communities largely agricultural. Violent changes in demand due to industrial booms and depressions are not in evidence where coal is a necessary article of daily consumption. Hence, products of mines have held to a fairly constant percentage between 38% and a little over 39% for several years.

High Yield on Investment

While all these physical characteristics form a background for appraising the probable future status of Frisco's common stock, they doubtless hold considerably less interest for the average investor than the intriguingly liberal dividend policy. No other issue among the rail stocks may be had to return a yield so generous as 7.0%.

This out-of-the-ordinary yield, quite naturally, marks St. Louis-San Francisco common stock as an issue possessing more of the speculative than of investment elements in its make-up. But, as in the case of some other of its shortcomings, this characteristic appears to have offsetting advantages.

The question may at once be raised whether the generous yield is in the nature of a suggestion that the current $8 dividend is not fully supported by earnings. It is always hazardous to lay down too positive dictas concerning corporation dividend policies whether they be rails or industrials. In the case of Frisco, shareholders have been permitted to participate rather liberally in earnings as a matter of policy. And these dividends, heretofore, have been amply earned. Only the current indifferent showing of all railroad earning statements, reflecting a decline in traffic inevitably accompanying general business reaction, occasions the need for weighing the possibility of changes in individual railroad dividend payments.

Balancing probabilities in the case of Frisco, the outlook does not seem particularly disturbing. Results to date have not been good, of course. Traffic on the system in January fell to the lowest level for that month in several years. Freight loadings developed more favorably than was the case with many other roads in February, however, and later figures have continued to show this increasing resistance to decline.

The railroad year is still too young to permit accurate estimates of probable earnings for the full twelve months. On the basis of its January showing alone, however, Frisco's earnings were at a rate which, if projected with no change over the balance of the year, would show the current dividend covered. On the basis of later results, it would seem that, unless unforeseen developments upset present calculations, the road has good prospects for bettering these early indications by a substantial margin.

It cannot now be expected to do well as last year when the record net income of $10,192,000 produced a balance of $11.07 a share for the 654,280 shares of common, after allowance for dividend requirements on 491,574 shares of 6% preferred stock. It is to be noted that fluctuations in net do not have the same exaggerated effect on per share profits as in the period prior to balancing of the road's financial structure. The increase in stock capitalization, accomplished in 1927, occasioned some dilution of per share earnings for the equity issue, as indicated by the fact with a net income of only $7,492,085 in 1925, the road reported record per share profits of $15.62. However, ratio between the funded debt of $280,607,267 and stock capitalization now comes closer to the accepted ideal of approximately two to one and variations in annual income are no longer likely to produce the spectacular and magnified effects resulting from the older inverted pyramid type of capitalization. That speculative influence has thus been removed.

Returning, then, to the more imme-

(Please turn to page 52)

AMERICAN LIGHT & TRACTION CO.

Huge Gas Developments in Middle West to Benefit Company

Common Stock Offers Attractive Opportunity to Participate in Profitable Undertakings

By Francis C. Fullerton

RECENT developments in the gas industry in the United States indicate that this important branch of the public utility industry is to receive a new lease on life which should greatly increase its importance in industrial and domestic spheres of activity. The limelight has for a number of years been focused on the spectacular developments in the electric power and light phase of the public utility industry, and while in the meantime progress in the gas branch has been on a much more moderate scale, the next few years holds out considerable promise for at least an equal sharing of honors between the two. The gas industry has been a laggard but the new conception of its place in the industrial and domestic life of the nation bespeak important developments over the immediate future.

Gas had come into its own long before the advent of the electrical era and the greater part of its early consumption was for lighting purposes. With the perfection of the incandescent lamp and the commercial feasibility of its use, however, it was thought that the gas industry had received a serious threat and was definitely headed for a long period of decline as electricity ascended. Electricity has indeed largely displaced gas for lighting until today it is the largest source of illumination in the country, but strangely enough, the use of gas has steadily increased each year despite this. The reason is that gas has more and more been used for heating purposes, both in the household and industrially, a development which is perfectly logical because gas is an ideal fuel. At present, there is a 92% heating load in the gas industry as compared with a 90% lighting load only a few years ago. More than 22,000 factory and industrial operations now are employing gas for fuel and the number is constantly increasing.

One of the modern developments which promises much for the future expansion of the gas industry is the extension of high pressure distributing mains through which gas may be pumped for long distances. This is in contrast with conditions of the recent past, which generally restricted the operations of the gas plant to within the boundries of a single municipality. The formation of interconnected gas systems, therefore, is as logical as the development over the past few years of the large electric systems. Super-gas is a distinct possibility, the feasibility of which is being proven by the extensive natural gas systems which are spreading a network of gas lines in many sections of the country. Where natural gas is unavailable, or available in insufficient quantities, the establishment of huge central plants for commercial gas making from coal and its distribution over a wide area from this point will permit the supply of large quantities of this ideal fuel at low rates.

The existence of a tremendous potential gas market is indicated by a few pertinent figures. A survey of the nation's factories, for instance, shows that an additional heating load of more than 75,000,000,000 cubic feet awaits the cultivation of the manufactured gas plants, an amount representing a total possible increase of more than 36%. This does not, however, take into consideration the newly opened fields of house heating, refrigeration, incineration, and

American Light & Traction

Comparative Statistics

	1929	1928
Gross	$46,684,808	$41,214,012
Operating Profit	13,362,801	11,963,068
Balance to A. L. & T. from operations	9,121,922	7,665,320
Subsidiary Investment and Other Income	2,963,861	2,218,808
Total Income	$12,085,783	$9,884,128
Balance to Common	10,661,011	8,420,741
Earned Per Share	3.85	3.04
Gas Sales 1000 cu. ft.	42,083,664	39,203,827
Electric Sales K.W.H.	235,102,397	159,125,383
Population Served		
Gas	3,072,000	....
Electricity	385,000	....

large volume water heating. According to competent authorities, the gas industry is supplying hardly more than 2% of the total heat requirements of the country. For strictly domestic use alone, consumption of manufactured gas can be increased more than 300%.

American Light Controls Important Properties

One of the companies which is in a position to benefit from super-gas development is the American Light & Traction Co., a holding company interested chiefly in gas properties in important centers in the Middle and Southwest. The history of the company has been one of steady progress since its incorporation in May, 1901, but the affiliation in September, 1928, with the United Light & Power Co. which acquired control of American Light & Traction through more than 55% stock ownership, may well be a landmark whence began a progress even more rapid than before. Before the affiliation, United Light & Power was principally an electric system with properties also located in the Middle West, although not identical territory with American Light & Traction Co. Recent plans indicate that United Light & Power Co. intends to enter the natural gas business, at the outset serving a territory coming within the original area of the system, and will do this through its partly owned subsidiary, the American Light & Traction Co. The latter organization, therefore, should profit greatly from the affiliation of the two systems.

As presently constituted, American Light & Traction derives about 82% of its gross revenues from gas operations and activities corollary thereto. The sales of gas alone were 68.9% to total revenues, coke and by-products 13%, electricity 11.8%, railway 4.8%, and miscellaneous 1.5%. The cities served with gas include Detroit, Ann Arbor, Grand Rapids, all in Michigan; Muskegon, Milwaukee and Madison in Wisconsin; and San Antonio in Texas. Electric service is rendered in Madison and in San Antonio, and in this latter city the street railway and ice service are also furnished.

The Detroit area in which the company operates bids fair to become one of the country's greatest industrial centers, although at present the motor industry is still by far the chief one there.

Natural gas lines which are projected to this territory from the Southwest making available a large supply of cheap fuel should stimulate industrial development considerably. The faith of American Light in this territory is indicated in the large investment in the Detroit Edison Co., a well managed and profitable electric undertaking supplying all the Detroit area in which American Light operates and somewhat beyond. In 1928 an additional 75,000 shares of Detroit Edison were acquired from United Power & Light Co. as part of the transaction whereby American Light disposed of its holdings in Brooklyn Union Gas Co. and Brooklyn Borough Gas Co. to the Koppers Co. and purchased from them the Milwaukee Coke & Gas Co. As it was not possible to purchase either of these properties on any other basis, they were acquired through the exchange of American Light & Traction Co. common stock—169,520 shares of which were issued for this purpose.

In Milwaukee for over twenty years a large part of the gas requirements had been purchased from the Milwaukee Coke & Gas Co. The management of American Light believed that in the operation of its Milwaukee properties it was economically sound for the gas company to own its own gas manufacturing plant. To this end in 1926 and 1927 efforts were made to purchase the property without success, but was finally consummated in 1928. Milwaukee is favored with many diversified industries and the demand for gas has shown a steady increase. Two new producers were put into operation in 1929 which have greatly increased the output of gas from this source.

Considering the company's operations as a whole, the gas business is continuing a steady and stable growth, in 1929 showing an increase of 7.35% over the year before. The five-year period from 1914 to 1919 witnessed a 63% growth, the next five years, 50%, and for the last five-year period from 1924 to 1929, 63%. The increase in electric output has been very substantial for the past three years, even approaching the sensational at times. The increase in 1929 over the preceding year amounted to 47.75%.

Formation of Super Gas Pool

Plans for the entrance of American Light & Traction into the natural gas field on a large scale will no doubt mean further large gains in earning power. It is reported that already the company has purchased substantial acreage in the natural gas field in Kansas and various rights of way for pipe line extensions from the fields to markets. At the beginning lines will be extended to serve Omaha and Lincoln, Nebraska. In the former city the industrial business will be the first objective, while in the latter the service will embrace the entire field of gas usage. Ultimately, the entire territory of United Light & Power may be served, extending into Nebraska, Iowa, Missouri and Kansas. Many large and important communities are included although not all of these of course come within the system's gas operating scope, but a large portion do and others are available for the service. The formation of a super-gas pool with other important interests embracing both natural and manufactured gas is a probable development.

The gross revenues of American Light & Traction in 1929 were $46,684,808, an increase of 13.2% over the year before; operating profit after expenses, maintenance, provision for retirements, and taxes was $13,362,801; and deducting from this subsidiary interest, preferred stock, and minority charges there remained $9,121,922, an increase of 18.9% over 1928. In addition to its revenues from straight operation of its properties, American Light & Traction derived a substantial income from its investments, chiefly in other public utility equities. These were carried on its books at $62,171,908, a figure much below the present market value. Income from this source in 1929 amounted to $2,342,697 from subsidiary investment companies, and an additional $621,165 direct, a total of $2,963,861. Total net income available for the common stock was $10,661,011, an increase of 26.5% over

(Please turn to page 52)

The Talk of The Street

By Arthur M. Leinbach

HERE we are, going around through the financial district, picking up fine bits of Wall Street folk lore without even holding office in the Down Town Historical Society. Any one who does that sort of thing is bound to be asked sooner or later why they do it. So we will be foresighted, anticipate the question, and take our own way about answering it. There are two kinds of people in Wall Street, those stiff-lipped stuffy individuals who tell you nothing and those dear, friendly, bubbling folk (may their kind increase) who tell you too much. We are one of the latter genus. We know a story that will illustrate our point and, like most people who know a story, insist upon telling it.

* * *

Stop Us If You've Heard It

Once there was a financial reporter who interviewed a Big-Man-In-Wall-Street. The Big Man was also a President-Of-A-Company. Neither the Big Man nor the reporter know very much about the company, which was the subject of the interview, but together they discussed the company's annual report. Company reports are always safe enough topics of conversation under such circumstances.

Finally, the Big Man leaned confidentially over his desk, closed his eyes, and motioned to his interviewer to move a little closer, lest some of the information about to be disclosed go to waste.

"We have discovered a new process for making a low priced automobile out of the material which we have left over in the manufacture of our lead pencils," confided the Big Man in a husky voice. "Our engineers report that we can effect a saving of more than 100 per cent on our production costs through this new process. The new plant will be financed entirely out of our surplus earnings, and after we get into production our annual income should be greatly increased. Then we will split our stock ten for one. Of course, this is just between you and me. Next month we will issue a public statement about the new process. I thought that you might want to know about this if you are writing up our company."

Returning to his office, the reporter sat down to write the article. At the end of the second to last paragraph he wrote:

> It is understand that the company has a very enterprising engineering and research department which is constantly developing new methods of manufacturing in order to keep the production costs of the company down to a low level.

* * *

It hardly seems adequate, you say. Yet this sort of thing happens in the life of the Big-Men-In-Wall-Street and financial reporters.

Suppose that some Monday morning, Wall Street pulled up the blinds, opened its eyes and took the ice-bags from Saturday night off its aching brow, only to find that financial writers were telling *all* that they had heard the week before. Would the world be a more or a less interesting place to live in? That's the problem that we are seeking to solve by The Talk of The Street. To pass along, as it were, some of the choice bits of anecdote in Wall Street. To tell interesting stories, on Wall Street, by Wall Street and for Wall Street. To describe the endearing little antics of bankers and brokers that one hears about in getting around the Street. We have already organized a large staff of attention callers to call our attention to stories which are being told behind our editorial backs. But naturally, being allotted only something like one-fortieth of the available space from cover to cover, we can't tell *all* we know.

* * *

This New Era

We were talking pleasantly with Jason Westerfield, Stock Exchange mediator with the wayward press, about some of the changes in the financial district within the past decade. Inadvertently, we did a bit of eavesdropping which we shall tell you about presently.

Mr. Westerfield, incidentally, is someone whose voice every investor interested in the Stock Exchange has often heard but which they probably never recognize. When the newspapers say that "the sentiment of the Stock Exchange is thought to favor, etc., etc.," the chances are about nine times out of ten that, as the radio announcer says, "this is Mr. Westerfield speaking." The reason that you have never heard his voice is because he never speaks "officially" for the exchange—except on the lecture platform where he is frequently heard.

Reminiscing (as distinguished from speaking officially), Mr. Westerfield was talking about the growth of the stock market in three dimensions, during the quarter of a century that he has been in Wall Street. The volume of trading and growth in values of listed securities we are all familiar with. Growth in public participation and in the physical enlargement of physical facilities to accommodate this trading we are also familiar with.

But our talk now was on the third dimension—the enlargement of popular estimation of the useful function of the New York Stock Exchange as an institution. Gone are the days when the Stock Exchange was a target for attack by all elements of discontent. Wide participation by the general public has made "baiting Wall Street" a dangerous political pastime. What a grand thing for the Stock Exchange. The political demagogue must find a new hunting ground in this day of wide public ownership of listed securities. This is a "new era" in which we are living—a Utopia without octopuses.

* * *

By this time, a telephone bell rudely interrupted our talk. This was our

inadvertent eavesdropping. "Yes!" "No!" "Is that so." "Well, well," murmured our host noncommittally. The matter might have dropped right there, but Mr. Westerfield went on to explain that the new President-to-be of the New York Stock Exchange was still waiting patiently in his office for a newspaper reporter who was half an hour late in keeping his appointment. This is indeed a "new era" in which we are living.

* * *

Another Panic Story

We promise not to indulge into too many "stories about the break." With this assurance that the privilege will not be abused, there is one story that we will promptly proceed to tell. This happened right in the midst of the stock certificate blizzard of 1929, when the bankers were coralling a pool of millions to steady prices and brokers were working 24 hours a day to keep one step ahead of the business which panic-stricken customers were bringing to the market. Hunter S. Marston, youthful president of Bancamerica-Blair, like every other banker in Wall Street, had closeted himself in seclusion with a few of his executives to make plans to keep things going smoothly through the crisis. In the midst of this conference, a rather worried looking gentlemen appeared at Mr. Marston's office. He explained that he simply had to see Mr. Marston. The latter's private secretary remembered the man's face as someone who had always been promptly received by her boss. What should she do? At least she would send in the gentleman's name. "Tell him that John wants to see him," was the answer to her question. The message was immediately sent into the important conference. A few minutes later Mr. Marston appeared in the outer office, and the two men had a quick and to-the-point talk.

"Don't worry about it John. I'll call them up right away and do what I can. Be on the job in the morning." This, Mr. Marston called over his shoulder as he hurried back to the conference. A smile on the visitor's face dissipated all the gloom that hung so heavy in Wall Street during those disastrous days.

Another tragedy of the Wall Street panic averted, you guess. And you guess correctly. But, let me tell you the whole story.

John was an extra porter at one of the fashionable up-town hotels. His loyal service to Mr. Marston, a frequent patron was not forgotten in the midst of stock market panics as so many loyal services were forgotten. And John had just lost his job. He knew that a word from so valued a patron as Mr. Marston was sufficient to restore his employment. Had he known that his visit would interrupt a banking conference with millions at stake in a financial crisis, he probably would have lacked the courage to even put in his appearance. But he did not know this. And, as the story familiarly ends, he got the job.

* * *

Some Literary Gossip

An informant who once told us that Wall Street men read nothing but detective stories must have been mistaken. Getting around, we hear a good deal of comment about Mr. Paul M. Mazur's new book, "America Looks Abroad." In fact, it was a definite impression of being somewhat out of it, that finally got us to reading the book ourselves. The first pages were cut with a strong prejudice in favor of the book, having heard variously that it was brilliant, penetrating, practical, interesting, charmingly written, among other tributes which conventionally are paid to a great work. As we got along we discovered a basis for all these pleasing comments. However, we finished the book with a conviction that all these fine compliments were inadequate. The book filled us with a sense of real apprehension concerning the economic future of our country. Perhaps there is a more subtle way of saying this, but it is exactly what we mean. Nor do we believe that Mr. Mazur would consider his book a real success unless one got that reaction. He treats a subject—our international creditor position and our trade balance—that somehow has become controversial. But there is no controversy about the premise that 2 and 2 equals 4 and the author is too wise to be tricked into arguing the point. Consequently he has not merely written a book to prove something—he is teaching Americans how to think, and thinkers in this present era must go far to find a more capable teacher. To attempt to substitute for Mr. Mazur would be presumptive. We do not even undertake to review the book, but we know that if you are interested in . . . in what? . . . in the stock market, in foreign trade, in industrial analysis, in non-scholastic economics, not to speak of pure literary merit among other things, you will want to read it yourself. Intimate banking opinion from a member of the firm of Lehman Brothers is not without its practical value in this "new era" era.

* * *

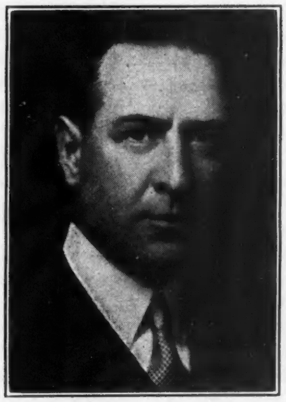
Having run out of commodity panics and Tokio Stock Exchange closings, the rumor mongers whispered throughout The Street, that Mike Meehan, the bulliest of bulls, had turned bear. When he heard the "news," Meehan with a fine sense of showmanship, stepped into the Steel crowd with a buying order for 10,000 shares and then walked over to the General Electric post to favor the GL specialist with a similar order. The market closed firm.

* * *

When the Dow-Jones ticker vibrated the news that CANADA DRY SALES HAVE BEEN AFFECTED BY DECLINE IN TRAVEL AND FALLING OFF IN HOTEL DEMAND SINCE STOCK MARKET BREAK, we saw a gruelling picture of market operators and traveling salesmen drinking their whiskey straight.

Bull and Bear Biographies

RICHARD WHITNEY



THE NEW BOSS

Nominated for the presidency of the New York Stock Exchange April 14th, 1930. Six foot tall, with a physique that weathered eighteen years of jostling on the floor of the Stock Exchange. Favorite recreations: Yatching, tennis and riding; one of the most important items on the "play" side of the balance sheet being his stables at Far Hills, New Jersey, which have turned out some fine hunters. Hails from Boston, graduate of Harvard, and includes among his clubs: The Links, Knickerbocker, Racquet, Turf and Field and New York Yacht Club. Will win on May 12th, in line with Stock Exchange tradition, one of the few elections in America that cannot be bought with money, influence or connections.

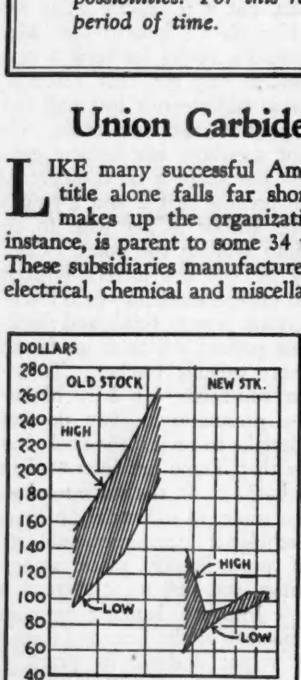
INDUSTRIALS

Six Stocks With Hidden Earning Power

The investment opportunities selected in this classification represent companies whose true earning position is not fully disclosed in published statements and whose security prices have not discounted their ultimate possibilities. For this reason these stocks constitute investments of unusual promise if held over a reasonable period of time.

Union Carbide and Carbon

LIKE many successful American companies today, the title alone falls far short of disclosing what really makes up the organization. "Union Carbide," for instance, is parent to some 34 units of diversified character. These subsidiaries manufacture and sell an extensive list of electrical, chemical and miscellaneous products whose public and industrial markets are constantly broadening. A comprehensive research department also maintains the company's competitive position as well as extending the earning power with modern products.



As a holding company, the Union Carbide and Carbon Corp. was formed more than a dozen years ago to acquire all of the common stock of the Union Carbide Co., National Carbon Co., Linde Air Products Co. and Prest-O-Lite Co. Several companies have been added in the last couple of years. Out of a long line of products the more familiar include "Eveready" dry batteries, flashlights and sunshine lamps, radio tubes, chromium, Prestone—an antifreezing compound, Pyrofax—a cooking gas, paint and varnish solvents, ferro-alloys and numerous specialized chemicals.

Hydro-electric power plants and mines, strategically located, are correlated with about 164 plants and nearly 900 warehouse stocks to maintain a well rounded manufacturing and distributing organization. A Norwegian company owning industrial works, power plants and undeveloped water power sites, and a deep sea port was acquired last year. Various extensions to existing plants and additional vanadium ore reserves were also secured. New chemical plants were opened and others are to be completed this year. The process of obtaining organic chemicals by synthetic methods, in which this company is virtually alone, is in its infancy and capable of tremendous development.

Union Carbide's annual earning power of more than $35,000,000 is constantly expanding. Of the $53,000,000 cash received last year from common stock financing, none has yet been utilized for expansion, but these funds will probably ultimately go into the new power developments and chemical metallurgical plants in West Virginia.

Net income of $35,427,024 after all charges was equal to $3.94 a share on 8,981,581 no par shares last year, compared with $30,577,382, equal to $3.72 a share on 8,226,216 shares in 1928, after giving effect to a 3-for-1 stock split-up that occurred early in 1929. The rapid growth of the company is emphatically indicated by the gain in the property account from $99,000,000 in 1921 to $210,500,000 last year, the financing being entirely from earnings.

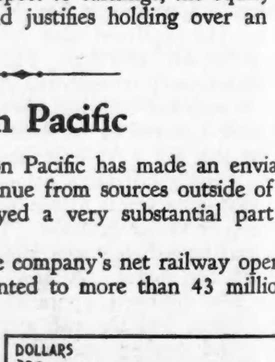
Current assets of $128,582,435 were more than eight times current liabilities, leaving net working capital of $113,034,715, virtually doubling that item in a year. The company has no preferred stock and no funded debt although its subsidiaries have $13,078,500 outstanding.

The outlook is excellent and with an ever broadening scope the company is expected to continue to expand its properties including mineral resources. While the recent price around 103 yields but 2.5% on the $2.60 annual rate and is relatively high in respect to earnings, the equity behind the stock is large and justifies holding over an extended period.

Union Pacific

AS a railroad the Union Pacific has made an enviable record. But its revenue from sources outside of its own system has played a very substantial part in piling up surplus earnings.

In other words, while the company's net railway operating income last year amounted to more than 43 millions, its revenue from interest and dividends on investments was not far from 20 million dollars. That is to say, the non-operating income was almost half the income from its own operations.



The company's statement last obtainable showed investments in non-affiliated companies as carried at $172,365,144, while United States government issues made up an additional $32,013,361. The former holdings included, in terms of face value, $5,214,035 of common and $1,805,992 of preferred stocks of the Baltimore & Ohio; $4,420,600 of Chicago & Northwestern common; $1,849,000 of Chicago, Milwaukee, St. Paul & Pacific pre-

ferred; $24,750,000 of common and $6,975,000 of preferred stocks of Illinois Central and $27,467,000 of the capital stock of New York Central. In addition, $10,120,000 common and $2,852,000 preferred of Illinois Central were owned by the Railroad Securities Co., whose entire capital stock is owned by Union Pacific. There is also a long list of bonds, notes and equipment trust certificates of other lines.

When the company retired on the first of last December the entire matured $45,000,000 of Oregon Short Line 4% refunding mortgage bonds it executed one of the largest cash operations of its kind in recent years, and also released $34,563,700 par value of non-affiliated stock collateral.

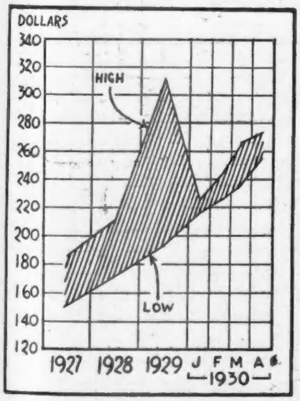
The per share earnings for last year are estimated to have been about $20 a share, comparing with $18.95 earned in 1928. Part of this gain is due to the raising of dividend rates on several stock issues, Baltimore & Ohio advancing from $6 to $7 and Chicago & North Western from $4 to $5. As these advances were made near the end of the year their full effect will not be noted until this year.

Union Pacific's freight traffic has gained steadily in recent years and is well diversified. Its operating ratio, 67.7% in 1928, is the lowest of any large system in the country. Some of the most profitable traffic comes from connecting lines. The system extends from Kansas City and Omaha westward via Denver and Salt Lake City to Portland and Seattle and to Los Angeles.

Paying 10% in dividends, Union Pacific common yields 4.3% at current prices around 232, which in the light of the high investment regard in which the shares are held may be considered quite satisfactory. The possibility of higher dividends is well founded and eventually the road may undertake the segregation of its large security holdings into a separate company. The latter action, of course, would mean a special distribution to stockholders.

American Tel. and Tel.

THERE are probably more potential assets screened behind the name—American Telephone & Telegraph Co.—than may be found in almost any other concern. In the first place, the company owns virtually all of the capital stock of a manufacturing subsidiary, the Western Electric Co., Inc., whose annual sales volume, approximately $411,000,000 last year, was nearly as much as that of the General Electric Co.



The practical accomplishments of a large research staff, familiarly known as the Bell Telephone Laboratories, have enabled the parent company to constantly broaden its field of activity and expand its earning power. The laboratories are owned jointly by A. T. & T. and Western Electric. The commercially valuable developments of these laboratories outside of the strictly telephone field are marketed by the Electrical Research Products, Inc., which is a wholly owned subsidiary of Western Electric.

Among such products is included the apparatus for the production and reproduction of sound and talking effects for motion pictures. This development alone should have a salutary effect upon earnings and it has been reported that orders are several years behind.

Then there is a new recording apparatus recently made valuable for broadcasting entire programs that is being rented on a monthly basis to 28 stations already. And the telephone typewriter, combining the speed and convenience of the telephone with the permanence of the printed message, has opened up a large new source of commercial revenues.

As the parent company, controlling 23 "Bell System" and other subsidiaries, A. T. & T. stands today as the largest public utility. Its gross revenues exceeded a billion dollars last year. The plant investment is approximately $3,671,000,000; it controls more than 75% of the total telephone business in this country; and is a dominant factor in two Canadian provinces.

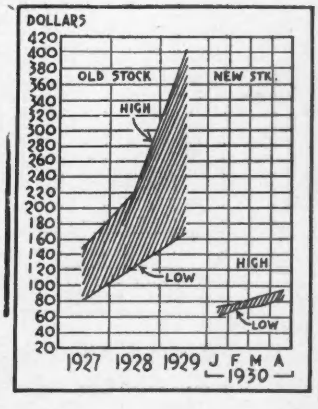
The record 1929 net earnings were $166,189,758 after all charges, equal to $12.57 a share on the common and comparing with $143,170,000, equal to $11.10 a share in 1928. The first quarter earnings of this year were equal to $2.95 a share on 13,720,564 shares. If, however, the full equity in subsidiaries' earnings is taken into account the company's per share earnings would be around $16.

The recent offering of around $235,000,000 stock ($100 par) will furnish part of the $700,000,000 construction costs in this year's budget and bring the total proceeds of financing so far announced or effected this year to more than $442,000,000. The outstanding funded debt is nearly 647 millions.

At prevailing levels near 260, the shares yield about 3.5% on the basis of the regular dividend of $9 but the actual return is supplemented more or less regularly by valuable subscription privileges. Considered solely as a public utility enterprise, the shares are not selling as high in relation to earnings as many other high grade utility issues. Add, however, to their high investment worth, the equity value of Western Electric and it is readily apparent that the shares are distinctly attractive.

General Electric

LONG recognized as the leading manufacturer of practically every conceivable type of electrical equipment, the salient features of General Electric Company's history are probably more or less familiar to everyone. Suffice it to say then its past record has been one of brilliant achievements, not the least of which have been the extremely valuable scientific contributions to industrial efficiency and community welfare originating in the company's research laboratories. While the latter phase of the company's activities is not one which lends itself readily to a statistical translation in terms of per share earnings, it is nevertheless a highly important consideration with limitless potentialities.



Of equal value to the company, particularly in periods of industrial hesitancy, is its widely diversified output and extensive markets throughout the entire civilized world. International General Electric, a controlled subsidiary handling the greater portion of the export business, has been vigorously expanding and is certain to become an increasingly important factor in the future. (Please turn to next page)

Still another important source of income is the company's investment in associated companies and miscellaneous companies which together with royalties received contributed nearly 32% of total net income in 1929. In addition General Electric's undistributed equity in the earnings of associated companies was equivalent to 43 cents per share of common stock, last year. At the close of 1929, the investment account stood at nearly $184,000,000 and will be substantially augmented by the recently proposed distribution of Radio Corp. shares in return for all radio patents, etc., now held by General Electric.

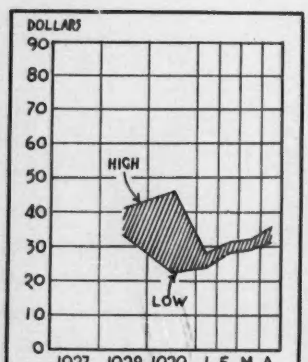
The ultra conservative accounting methods of the company give substantial credence to the belief that should the company find it desirable to do so, reported earnings could be increased from 40% to 50%. Moreover, plant valuation as indicated on the 1929 balance sheet was less than $2 per square foot of manufacturing capacity and it is doubtful whether these properties could be replaced today at a cost of ten times their indicated book value.

Earnings last year were larger than for any previous year in the company's history and were equivalent to $2.25 per share on the present common stock outstanding, amounting to 28,845,927 shares. In addition to the common stock there are 4,292,963 shares of 6% Special stock of $10 par and a small funded debt of slightly over $2,000,000.

Selling at 88 and paying $1.60 annually in dividends the shares offer little inducement from the standpoint of income return but they are an ideal vehicle for the investor with an eye to the future. The company's outlook affords ample assurance and with the equity practically concentrated in the common stock, increased dividends and enhanced values over a period of time are a logical expectation.

Kreuger & Toll

THE popular association of the Kreuger & Toll Co. with the match monopolies of Europe was favorably stressed recently by the announcement of the French Government that it would retire at 103½ on June 30 the $75,000,000 loan by the Swedish Match Co. and the International Match Corp. These French 5s were taken at 93½ in consideration for a monopoly of the match business in that country, and netted the company $7,500,000 over a three-year period.



The financing of match monopolies, however, is but a single phase of the company's varied interests. Functioning as a holding and management company, principal activities embrace the match, iron ore and paper pulp industries, banking and real estate. Of these the company's interest in the safety match industry is the most substantial. The company always plentifully supplied with cash resources has negotiated a number of large loans with foreign countries, receiving in return the match monopoly in these countries which generally extends for the life of the loan. These monopolies are then turned over to either the Swedish Match or International Match companies and in addition to having large holdings in both enterprises Kreuger & Toll also participates in the profits derived from the monopolies. Foreign government loans are eventually financed by the company through the issuance of its own bonds.

Kreuger & Toll is an important stockholder in the Grangesberg Co., the largest producer of iron ore in Europe and the largest exporter in the world. Other holdings include a substantial interest, amounting in some cases to actual control, in a number of established and successful banks located throughout Europe; important real estate holdings principally in Sweden but in other European countries as well; and the company is reported to control 30% of the pulp and 15% of the lumber industry in Sweden. Recently plans were announced for the development of a huge superpower system in Sweden.

The company also indulges in various security trading activities but as profits from this source are regarded as non-recurring, they are largely retained as part of surplus. Of 1929 profits, however, it is estimated that at least 35% were in the form of recurring income originating principally from interest and dividends. The company's reported earnings disclose only the actual income in dividends, etc., from investments but undoubtedly the company's equity in undistributed earnings is large.

The 1929 reports showed consolidated net earnings of $29,095,130 before interest on participating debentures, compared with $21,025,988 for 1928, a gain of 38%. Net earnings were equivalent to $3.87 per American certificate of which 3,148,479 are outstanding.

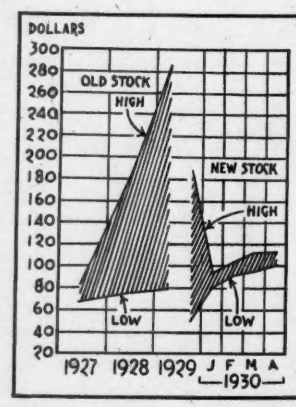
Last year's expansion far surpassed any other period, consolidated assets amounting to $350,631,510 as compared with $157,523,403 at the end of 1928. Profit and loss surplus of $41,227,399 compared with $28,259,186.

The American certificates hold broad possibilities of further subscription rights as well as the pending dividend increase to $1.61 which would afford a yield on the current price around 35 of 4.6%. Quoted prices are considerably short of discounting the company's longer term prospects.

Electric Bond & Share

DRAWING its income mainly from financial, advisory and managerial services for its companies, rather than from direct control, except in its foreign activities, the Electric Bond & Share Co., a holder of holding company securities, holds a substantial place in the utility field in this country and is rapidly expanding its influence in foreign utility areas.

Last fall a merger with Electric Investors, Inc., was negotiated and the exchange of shares was recently under way. When the annual report is published it is expected to show how the assets taken over from Electric Investors have increased the percentages of holdings of the company. Meanwhile, Electric Bond & Share is known to have held 24% of the common stock of American Power & Light, 18% of the common and **46% of the option warrants** of Electric Power & Light Corp., 31% of the common stock of National Power & Light and minor investments in other companies including American Gas & Electric, and the United Corp.



The recent reorganization of Commonwealth & Southern Corp. made Electric Bond & Share the second largest stock-

holder. It was stated as of December 30th last that the company held 249,415 shares of United Corp. common stock. The company was recently reported to have purchased 50,000 shares of United Gas Co. in the open market. Later statements were to the effect that executives of United Gas Co. had reached an agreement with Electric Bond & Share interests to form a $220,000,000 holding company to unite Texas and Louisiana natural gas properties with an annual output exceeding 175,000,000,000 cubic feet. The properties would come from United Gas, Magnolia Gas (a Standard Oil of New York subsidiary), Louisiana Gas & Fuel, Memphis Natural Gas and possibly Northern Texas Gas Utilities Co.

Electric Bond and Share controls the American & Foreign Power Co., Inc., holding about 67% of the common stock, although ultimately to be 75%. This concern controls properties furnishing electric power and light in 13 different countries and has minority interest in properties in five other countries. A new international public utility holding and management company, patterned after Electric Bond & Share, was recently formed by the International General Electric Co., the American & Foreign Power and leading European public utility and banking organizations.

Such is the broad and ever-widening scope of this company's ramifications. While its 1929 earnings have not yet been published, they are expected to be in the vicinity of $2 a share compared with $1.08 a share for 1928. These figures are adjusted to the present capitalization of 240,000 shares of $6 cumulative preferred stock of no par value and 13,000,000 shares of no par common embracing the exchange for Electric Investors. The last consolidated income report for the 12 months ended June 30, 1929, showed net income of $18,051,127, equal to $1.53 a share on 9,615,306 shares of common.

The balance sheet report as of August 31st last disclosed cash, including call loans, aggregating $160,049,503. Current assets of $181,682,047 were about 90 times current liabilities, leaving net working capital of $179,318,219 as against $51,196,489 a year previous. Investments were carried as $675,829,021. Surplus stood at $645,481,349. There is no funded debt.

The company's substantial interest in important power and light, and natural gas companies places it in a strategic position to share profitably in the future growth of the public utility industry. Paying 6% in stock the shares should prove a profitable long pull investment.

Preferred Stock Guide

NOTE: The following preferred stocks are listed solely in accordance with the current yield on each. The sequence of Guide, therefore, does not indicate a preference for one issue over any of the others. Readers should observe a proper diversification of commitments in making their selection from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	160.35	133.40	133.73	No	85	4.7
Union Pacific	4 (N)	41.17	39.85	46.32	No	85	4.7
Atchison, Top. & S. Fe	5 (N)	48.33	40.47	40.21	No	105	4.8
Baltimore & Ohio	4 (N)	48.41	38.44	49.44	No	82	4.9
Pere Marquette Prior	5 (C)	68.77	64.08	75.60	100	100	5.0
Southern Railway	5 (N)	39.33	36.17	32.11	100	99	5.1
Colorado & Southern 1st	4 (N)	52.56	57.76	49.45	No	77	5.2
N. Y., Chicago & St. Louis	6 (C)	24.65	20.31	17.68	110	110	5.5
St. Louis Southwestern	5 (N)	12.00	9.30	8.84	No	90	5.6
Colorado & Southern 2nd	4 (N)	48.50	53.76	45.46	No	72	5.6
N. Y., New Haven & Hart.	7 (C)	....	22.05	24.40	115	122	5.7
Wabash "A"	5 (N)	11.86	6.87	9.24	110	88	5.7
Kansas City Southern	4 (N)	10.86	9.04	14.01	No	69	5.8
**St, Louis, San Francisco	6 (N)	16.12	15.28	17.44	115	99	5.9
Missouri, Kans. & Tex.	7 (C)	....	13.06	16.24	110	107	6.5

Public Utilities

Public Service of New Jersey	8 (C)	§21.48	§16.28	20.92	No	155	5.2
Columbia Gas & Electric "A"	6 (C)	27.31	25.42	30.78	110	110	5.5
Philadelphia Co.	3 (C)	24.20	28.06	21.75	No	54	5.6
American Water Works & El.	6 (C)	22.63	24.30	31.05	110	106	5.7
Standard Gas & Electric	4 (C)	20.00	16.76	14.07	No	66	6.1
Federal Light & Traction	6 (C)	41.32	29.67	49.93	100	96	6.3
Hudson & Man. R. R. Conv.	5 (N)	40.32	40.70	37.02	No	80	6.3
Electric Power & Light	7 (C)	13.83	16.21	17.00	110	110	6.4
Continental Gas & Elec. Prior	7 (C)	16.41	20.46	24.45	110	103	6.8
Postal Tel. & Cable	7 (N)	....	....	7.19	110	102	6.9
Amer. & Foreign Pow. 2nd	7 (C)	8.88	3.58	5.33	105	93	7.1

Industrials

Bethlehem Steel Corp.	7 (C)	20.84	16.32	19.16	No	130	5.4
Case (J. I.) Thresh. Mach.	7 (C)	29.39	38.43	32.59	No	126	5.5
Deere & Co.	7 (C)	23.22	25.74	29.52	No	124	5.6
Mathieson Alkali Works	7 (C)	67.86	74.06	84.50	No	122	5.8
Stand. Brands, Inc., Cum. A.	7	....	125.34*	123.40*	120	119	5.9
Brown Shoe	7 (C)	29.69	44.12	85.27	120	118	5.9
General Cigar	7 (C)	51.26	67.32	62.81	No	118	5.9
Crucible Steel	7 (C)	26.19	22.47	22.54	No	116	6.0
Radio Corp. of Amer. "B"	5 (C)	....	....	5.36*	100	83	6.0
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	115	6.1
Baldwin Locomotive	7 (C)	29.42	12.21	1.66	125	114	6.1
Bucyrus-Erie	7 (C)	....	....	39.34	120	115	6.1
Associated Dry Goods 1st	6 (C)	27.67	24.10	24.55	No	95	6.3
International Silver	7 (C)	24.39	30.82	27.48	No	110	6.4
General Cable Co.	7 (C)	27.69	25.72	25.92	110	108	6.5
Bush Terminal Debentures	7 (C)	16.81	18.88	20.55	115	108	6.5
American Sugar	7 (C)	14.08	7.97	14.60	No	108	6.5
Commerce Investm. Trust 1st.	6½ (C)	27.72	24.86	45.50	110	100	6.5
American Locomotive	7 (C)	20.88	16.60	10.33	No	105	6.7
Glidden Co. Prior	7 (C)	23.91	32.69	32.69	105	103	6.8
Spicer Mfg. conv.	3	58.54	74.42	26.00	57½	44	6.8
Goodrich (B. F.) Co.	7 (C)	13.96	39.19	10.36	125	101	6.9
Goodyear Tire & Rubber	7 (C)	11.83	18.80	18.90	110	108	6.9
Tidewater Asso. Oil conv.	6 (C)	13.35	7.25	19.49	105	86	7.0
U. S. Smelting, Ref. Mining.	3.5 (C)	6.25	6.28	8.43	No	49	7.1
Otis Steel Prior	7 (C)	16.36	11.80	28.68	110	98	7.1

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock. * Six months ended June 30, 1929.

Market Indicators

For Profit

A Promising Start

Earnings reports for the first quarter of the current year are beginning to make their appearance and of the earlier crop, that of General Railway Signal was one of the most satisfactory. The company's profits, after all charges, totaled $511,319, equivalent to $1.33 per share on the common stock in the hands of the public as contrasted with 76 cents per share earned in the first three months of 1929. This favorable showing was foreshadowed by the substantial volume of unfilled orders on the company's books at the beginning of the year and with orders for both new and replacement equipment not likely to experience any material decline, the present outlook presages profits equal to if not better than those reported last year, which amounted to $8.25 per share of common. At prevailing quotations just under 100, the shares yield over 5%.

* * *

International Harvester

The shares of International Harvester, after moving in a narrow range in the low 90s for some weeks, have recently displayed pronounced activity, reaching new high levels for the year. It would appear that the uncertainty regarding the trend of current earnings engendered by the weakness in the prices of leading farm products earlier in the year has now been largely dissipated. Last year the company earned $7.10 per share on its common stock, after writing off more than $22,000,000 for reserves, an exhibition of earning power which leaves little to be desired. The company's world-wide scope, diversified output and the recognized quality of its products has enabled Harvester to retain its position as the leading manufacturer of agricultural implements for many years and with the trend toward the mechanization of the farm assuming increasing importance and breadth, stockholders are justified in anticipating the company's future with well founded confidence. Incidentally, the company's commercial truck division is currently reported to be looking forward to a very satisfactory year.

* * *

Food Stocks

The fact that food stocks as a group have lagged somewhat behind the general market and as a consequence becoming rather unpopular as trading mediums, does not appear to have any fundamental weakness to justify it. Investors not averse to taking a long pull position will find several attractive opportunities in this group. In the case of Gold Dust, for example, the shares are selling to yield nearly 5½%. This company manufactures an extensive line of soap, washing powders and foodstuffs nationally distributed under well known trade marks, and in 1929 reported earnings equal to $4.06 per share on the outstanding common stock. It has been recently reported that the company plans to retire nearly $12,000,000 of funded debt during the next year and this substantial savings in fixed charges will be accomplished without additional financing, due to its extremely strong financial position at the present time. Cash alone is understood to amount to about $16,000,000.

* * *

Cigarette Prices

One of the most persistent of the current crop of rumors is the one predicting an increase in the wholesale prices of the four leading brands of cigarettes. Credence is given to such possibility by the expressed desire on the part of manufacturers to bring an end to the retail price war which has been waging for some months and it is felt that this can be accomplished by boosting prices. It will be recalled that the former price of $6.40 per thousand was restored last October, which means that the retailer pays, after the regular trade discounts, about 11 cents a package. On this basis, retailers who have been selling two packages for a quarter are still able to make a slight profit but only a moderate increase in the wholesale price would practically force him to make a straight charge of 15 cents a package. There is little likelihood that the latter price would have an adverse effect upon consumption but on the other hand it would tend to place competition on a more equable basis and substantially increase the total profits of such companies as American Tobacco, R. J. Reynolds, Liggett and Myers and Lorillard.

* * *

Motor Age

At the close of 1929 there were 22,599,701 passenger automobiles registered in the United States, according to official state registration figures, and Alfred P. Sloane, Jr., president of the General Motors Corp. has made several interesting disclosures from this statistical fact. Of the total registration, 6,356,901 or 28% were manufactured by the General Motors Corp., which is almost as many as the total number of passenger cars of all makes registered ten years ago. In spite of increasingly keen competition in the automobile industry, General Motors has more than held its own, as attested by the steady gain in the percentage of its products to the total. At the end of 1924 General Motors units accounted for less than 18% of the total but by 1928 the figure had increased to more than 23% and at the end of that year stood at better than 26%.

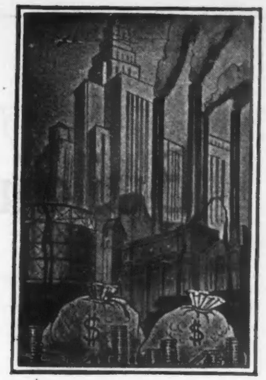
* * *

Radio Corporation

Subject to stockholders' approval and the OK of the Government, Radio Corporation of America will more than double the number of shares of common stock outstanding for the purpose of acquiring from General Electric and Westinghouse Electric all of their radio patents, together with such of their plants and facilities as are now being

The Stockholder

and Income



used in the manufacture of radio products and equipment. As a result control of Radio Corp. will be vested jointly with these two companies. R. C. A., already the dominant factor in the radio industry, will greatly expand its importance and influence, to say nothing of a substantial increase in earnings resulting from the manufacture and sale of radio supplies, tubes, photophone equipment and kindred products which were heretofore produced by Westinghouse and General Electric. It is also likely that these companies will take an active part in the management of Radio Corp. If the proposed move meets with no unforeseen obstacles. Radio Corp. will become a completely integrated amusement company, providing the public with entertainment ranging from radio receiving sets and phonographs to theatres and nation-wide broadcasting.

* * *

B. M. T. Preferred

The Brooklyn Manhattan Transit Corp. is one of the most prosperous and rapidly growing traction properties in the country and in spite of the inadequacy of the five-cent fare the company has been able to earn the $4 dividend on the common, which has been in effect since 1926, by increasingly wider margin. It has been reliably estimated that earnings for the current fiscal year ending June 30th, 1930, will closely approximate $7 per share for the common stock and on this basis the $6 dividend on the company's preferred shares will be earned from 4 to 4½ times. Selling at 91, the latter issue yields better than 6½% and satisfactorily qualifies where a high income return with no more than an average investment risk is sought. Incidentally, the company is actively co-operating with the City of New York in an attempt to work out a suitable plan for the unification of the rapid transit facilities serving the metropolitan area, and recent developments in this connection indicate that both public and political sentiment is gradually changing in the company's favor.

* * *

Paramount

Once frowned upon as lacking any element of stability, the motion picture has made great strides since the early days of the heroic cowboy and dingy nickelodeon and today represents millions of dollars in invested capital. The success and popularity of natural color and talking films has given the industry a new field abounding in possibilities for future development, and convincing evidence of the industry's present prosperity is found in Paramount-Famous-Lasky's report of operations for the first quarter of this year. The company's net income for that period increased over 87%, a remarkable showing when it is remembered that these months were a period of industrial hesitancy and unemployment. Maybe the jobless spend their time in the movies but in any event Paramount is apparently too busy ringing the cash register to be greatly concerned about the state of its neighbors' business.

* * *

The Cost of Indifference

During the past several months, the necessity of constant diligence has been forcefully brought home to many investors, whose ideas of safeguarding their investments do not involve much more effort than that consumed in glancing at the quotation pages now and then. This type of investor, if he was holding the more volatile radio, automobile and specialty stocks which had been sky-rocketed to fantastic heights, was probably very much amazed to suddenly find that the value of his holdings had suddenly depreciated for reasons, however, of which he was not aware. While it is to be expected that a common stock will fluctuate more or less widely and may experience a temporary decline in value not ascribable to any fundamental weakness in the affairs of a particular company, it is the investor's responsibility to provide himself with the means for detecting any serious reversal in the status of his investments, and in sufficient time to enable him to take the necessary action to protect his funds.

* * *

Specialty Stock

Long specializing in the manufacture of machinery and equipment utilized in the various branches of the oil industry, National Supply Co. now stands to benefit materially as a result of the rapid growth of the natural gas industry. The company maintains distributing facilities and branch sales offices in all of the principal oil fields, and while profits in the past have fluctuated to reflect the changing fortunes of the oil industry, average earnings have been high. The dividend policy has been a conservative one although last year the regular disbursement was augmented by an extra of $2, fully justified by earnings of $11.48 per share of common. Financial position is characteristically sound; capitalization is moderate; and the gradual retirement of the preferred stock is increasing the equity for the junior shares.

* * *

Continental Can

For the past several years Continental Can has been engaged in a campaign of orderly and thoughtfully conceived expansion, seeking not only to broaden its markets but to acquire plants and property favorably located with relation to the important consuming centers. The results of this program have been twofold. Not only has the company gained through increased operating efficiency but the proximity of plants to those of its principal customers enables Continental to make prompt deliveries, an important competitive feature. As the co-ordination of the newly acquired units becomes more fully accomplished earnings should respond accordingly.

EDITORIAL PAGE

Building Your Future Income

An Informative Department On Estate Building

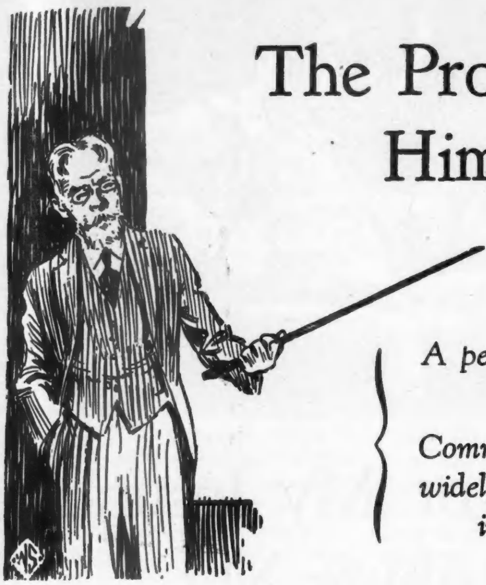
Diversification—Why and How Much

DIVERSIFICATION is one of the cardinal principles of sound and successful investment. It is the investor's insurance policy by which he protects himself against serious and irreparable loss but which costs him nothing for premiums. The price of diversification is determined by the judgment and diligence which is used by the investor in its application and this is equally true of the returns.

The theory of diversification is predicated upon the old adage which cautioned against "putting all eggs in one basket," and while many theories and practices formerly accepted as absolute have since been proven to be almost baseless platitudes, this one has ably stood the test of time. If anything, the present-day tempo of academic, scientific and industrial activity has emphasized the importance of diversity. It has been the motivating element behind many of the gigantic mergers which have been consummated during the past several years and the reason is not hard to find. Corporations have sought to reduce the hazards attending irregular periods of feast and famine profits by becoming complete entities in their field or by increasing their variety of output and obtaining relief from complete dependence upon the success of a single product. The same results may be accomplished by the investor who wisely distributes his capital not only among bonds, preferred and common stocks but among a diversity of companies and industries, located in the different sections of the country.

Diversification, like everything else, however, may be carried too far and defeat its own purpose. Regardless of how wisely investments are chosen, they cannot be allowed to shift for themselves. Selection is only the first step—investments are property and all property requires care and supervision to avoid deterioration. Therefore, the investor, who in his zeal to safeguard his funds, acquires a number of securities totally out of proportion to his capital unwittingly burdens himself with a greater responsibility than is strictly necessary. The neglect of a single chosen investment might possibly result in a serious loss—the very thing he was seeking to avoid.

Opinion differs as to the most desirable ratios to be followed in the selection of investment mediums. The allocation of funds to insure proper diversification must of necessity be determined by personal considerations for the financial status of every investor, as well as the objective which he seeks, are widely different and constitute a totally new and separate investment problem.



The Professional Man Concerns Himself with Financial Independence

A personal experience story out of which a sound savings plan is evolved.

Common sense is used to distribute savings over a widely diversified list of investment mediums including common stocks on a conservative basis.

By "College Professor"

SCHOOL teachers are proverbially poor moneymakers, and college professors are the worst of the lot. Like most proverbs, however, this proverb is another half-truth. I am a school teacher and like many of my colleagues am on my way to financial independence.

I have earned my own way since I started to high school. Inheritances have totaled exactly nothing at all. I have been graduated by three reputable universities. I have given my family travel and home advantages. And I am hoping to be able to retire on my income at the age of fifty.

Investments and not salaries make for independence. The salary simply makes possible savings which are necessary before a program of investing can be initiated.

Systematic Investment of Savings

Early I learned that savings are not made hit or miss, but by the strict application of a system. So whenever my check came, I first of all placed 25% of the amount in my savings. The other 75% was spent as reason and necessity dictated. But the savings are deducted first. For if a man saves only what is left after paying for his wants, he never saves anything; there is never anything left.

For several years the accumulated savings were placed in short-time real estate loans. The loans had to be of the short-time variety because the capital was used periodically to pay for a college training.

At the end of the World War, I had saved about two thousand dollars that had not been used in the Liberty loans. Liberty bonds went well below par. All the money I had went into these government securities at 87.

Making Money in Real Estate

About this time I had accepted a position in the University of Florida. Anyone who was awake financially could feel the Florida boom approaching. I sold the government securities at par and better and bought lots and acreages. I planted a small orange grove.

Investments and not salaries make for independence. The salary simply makes possible savings which are necessary before a program of investing can be initiated.

Then came the boom. I was teaching in Nebraska at the time and fortunately was out of the atmosphere. When prices rose far above what seemed to me to be the intrinsic value, I sold.

With the money realized from these real estate deals and the savings that kept accumulating, I adopted a policy and started investing in stocks and bonds. Being a professional man with a family, I didn't dare to speculate much. I decided to put 25% of my capital into common stocks, 25% into preferred stocks and bonds, 25% into first mortgages and 25% into real estate and building and loan.

The policy that embraced buying common stocks was the wisest financial policy I could have made. I went into coppers, chain stores, and rails when they were low. When coppers were bullish, I sold and invested in high grade oils. I diversified my stock holdings until they might be classed in eight or ten different classes.

A Few Rules for Investment

Before I started to buy stocks I subscribed for THE MAGAZINE OF WALL STREET. I have read it carefully ever since. How wise its advice has been is indicated by the fact that in 1928 when I was completing my work for the Ph. D. degree, the profits on Montgomery Ward paid my bills.

Really it is surprising how one's capital increases when one follows a sound system. Right now I am headed toward financial independence at 50 by following a few simple principles.

1. Put away the savings first.
2. Keep the investments diversified.
3. Buy on a down market and sell on an up market, and don't try for the bottom purchase or the top sale.
4. Keep the family protected by insurance.

Should I Name a Bank or My Insurance Company to Distribute My Insurance Proceeds?

This Question Is Vital and Concerns Everyone Anxious to Protect the Comfort of Their Families. The Writer Discusses the Important Phases of Both Sides in a Comprehensive and Enlightening Manner

By Howard C. Gollop

WE humans are a peculiar lot. We toil and slave for years to accumulate real estate, securities and other property; but only a small percentage of us seem to give a rap as to what will happen to this property when the Almighty sees fit to call us. The judge of a Surrogate's Court recently wrote, "It is with deep regret that I am compelled to inform you that a large percentage of citizens fail to take the ordinary business precautions of a last will and testament."

We are also peculiar in that we daily study and apply ourselves to our vocation, becoming more valuable and gradually increasing our earning power—but we fail to adequately appraise the present worth of this earning power and provide for its replacement after death through a life will (life insurance).

Every person whose life has a value should make two wills, a property will and a life will, and for the overwhelming majority of individuals, the life values far exceed the property values. Is this far fetched? Assume a young man of 35 with a family and a salary of $5,000 per year ($417 per month). His family enjoys at least half of this or $200 per month. His expectation of life is 36.1 years, and his present worth to his family figures $40,600. In other words, if this sum of $40,600 were invested at 5%, and each month $200 were taken from the fund, every dollar would be gone when the final payment would be made 36 years hence.

His tangible property consists of $5,000 in real estate and securities (10% of his estate). The capitalized worth of that portion of his current earnings devoted to family maintenance (i. e., exclusive of what he needed for personal support) amounts to $40,600 or 90% of his estate. Why should not this man be just as anxious to leave to his loved ones for whom he works and lives, the nine-tenths portion of his economic estate, as to give them the one-tenth material part?

While it is true that many persons cannot adequately insure their life worth under this ideal basis of valuation, it is equally true that most persons have left a huge gap between the insurance they have and what they could conveniently handle; and an appreciation of the ideal amount of insurance needed, will spur many to bridge the gap with a substantial increase in their insurance.

This appeal to create adequate life insurance, is a logical prelude to the following consideration of methods for conservation and distribution and just as a good investment in stocks and bonds cannot be put away and forgotten, just as the property will must be periodically revised, so also should the amount of life insurance keep step with one's increasing earning power, in just such proportion as one is able, and the plan of conservation and distribution need be revised as changed conditions and circumstances warrant.

We are not concerned herein with life insurance that is intended to cover some absolutely definite need for cash,

such as debts, funeral expenses, taxes, purchasing the interest of a deceased partner, etc. Rather it is that other life insurance which is for the landlord, the grocer, the clothier, etc., month in and month out, year in and year out; and to provide for this, the overwhelming evidence acclaims a plan whereby the wife or guardian of the children would receive sufficient money each month, or at other convenient and regular intervals, in the same manner that the family is accustomed to receive its income from the insured during his lifetime.

This plan, whether accomplished through the agency of the life insurance company or a bank having trust powers, is far superior in either event to the lack of a plan, the result of which would dump a large sum of cash in the lap of the beneficiaries, and heap financial responsibilities upon the wife at a time when her other responsibilities and sorrow are so hard to bear. Which is best—the installment options of the insurance company, or the trust service of your bank?

The question of security is of first consideration; and herein the well known legal reserve life insurance companies get the edge over the trust companies, because they pool the proceeds from all policies held under the optional methods of settlement, and invest this huge sum in hundreds of different investments, thereby obtaining a degree of security that is well nigh perfect. Also the laws of the states in which the insurance companies are licensed to do business, restrict these companies in their investment selection.

The trust companies keep each trust separate and for that reason do not obtain anything like the spread of investment of the life insurance companies. However, this disadvantage on the part of any reputable bank, located in a state where the laws governing banks are sufficiently protective, is very much offset by the high class of investments resorted to, and the constant attention of the banks' officers to these trust investments. Also the writer believes that the time is not far distant when the statutes may permit trustees to invest in a composite trust fund of wide diversification; where the insured under the individual trusts have so directed or authorized, and will thereby acquire equally as good spread of investment as now enjoyed by the insurance companies.

Interest earnings is of next importance in the minds of many, and herein the banks hold a slight edge, taking into consideration in both cases, the percentage retained to cover the cost of investing, reinvesting, bookkeeping, monthly checks, etc. The gross earnings of the insurance companies average around 5¼% or 5½% and they pay the beneficiaries named in the agreements, approximately 4¾%. The banks are paying around 5% after deducting their fee.

Where a bank is named trustee, it is usually advisable to specify in the agreement that the trustee be not limited to the class or classes of investments prescribed by any present or future law. There are investments outside of the so-called legals, which are just as secure under the watchful eye of the trustee and which return greater interest earnings, along with opportunity for appreciation in value.

In the exercise of judgment and flexibility the bank as trustee stands alone. Broadly speaking, there is no limit to the flexibility of an insurance trust with a corporate fiduciary, whereas the insurance companies refrain from entering into any agreement which would require them to exercise discretionary powers or be obliged to see that the proceeds of the policies be applied to any particular purpose. Their settlements are effected on a strictly impersonal basis and exactly according to the contract. There is no flexibility whatsoever, and the policies must be paid exactly as stated in the contract. On the other hand, where the policies are made payable to a bank under an insurance trust, the element of cold impersonality is replaced by the intelligent and sympathetic understanding of an institution located right at hand.

A man may financially regard himself in terms of his net worth—the value of his property and securities. To his family, however, his net worth is his ability to provide them with a home and to feed and clothe them. It is, therefore, the duty of every man to spare no effort to guard his family against a serious financial crisis which might be brought about by his death. An Insurance Trust is an excellent and business-like guarantee against any interruption in the family income.

Persons who, say 15 years ago, arranged their life insurance under some kind of settlement plan with their insurance companies, would now actually be leaving their families with less than half what they planned, because as everyone knows, the dollar of 1914 has the purchasing power of less than half a dollar today.

The young man of today can instruct his insurance company to the effect that upon his death, his family is to receive the income periodically and that stipulated amounts may be withdrawn from the principal; or he may leave it wide open to his family to withdraw all. Either course may bring dire results.

Let us assume that insured has provided an insurance policy to meet the cost of sending his children through college. A special arrangement with his insurance company is of course preferable to having the face of the policy paid in cash at his death, when the children may still be small. But what year will his children be ready for college, and will it be a four-year course or a six-year course? Perhaps his baby of today will not be of the college kind, in which case the money might be better used in some other way, for the good of the child.

These problems disappear with the naming of a bank as trustee, and the execution of a life insurance trust agreement, wherein he can instruct his trustee that he is desirous of providing for the welfare and comfort of his wife and children and can give his trustee authority to expend amounts from the principal of the trust, at any time and from time to time, whenever in the judgment of the trustee such expenditure seems advisable for the welfare of the beneficiaries for whom the trusts are created. This need for discretionary powers vested in a trustee, extends even beyond the college days, for in the case of a son, it might be wise to turn over half of the principal to him upon attaining the age of 30 years, and the other half at 35 if advisable. In the case of a daughter, it might be wise to extend the trust even for the daughter's lifetime. There is much more that might be said in regards to the various provisions that can be incorporated in a life insurance trust agreement.

What is the minimum amount of insurance that the banks will accept under the insurance trust plan? The answer depends very much upon the bank. The writer knows of one very large banking institution which accepts trusts as small as $10,000 and he has even seen some educational trusts of $5,000. The small amount of insurance needs to be wisely invested and judiciously expended, just as much if not more so than the large ones.

On the contrary, one of the nationally known banks has set a $100 minimum annual fee on earned income,

(Please turn to page 68)

Stocks for Attack—Bonds for Defense

A Modern Financial Crusader Chooses His Weapons for Offense and Defense and Then Goes Forth to Battle

By W. C. Everett

I HAVE been greatly interested in the discussion of "Stocks vs. Bonds. Which is better?" Each in its field is "better." The question is like trying to decide whether a cow is better than a horse—it depends upon conditions to be fulfilled. For attack and to build up my resources give me stocks—for defense I'll take bonds. Each type of security is a tool with which certain results can be accomplished. One doesn't use a crowbar to sew a piece of cloth, or a needle to move a heavy rock. If one does try, the results will be exceedingly poor.

Of course the only ground I can cover is my personal experience and for a limited time—through 1922 to date, eight years. I'll enter the lists in saying that I think better results can be obtained with properly selected stocks for the major part of the investment fund with the object in view of protecting against losses in either bonds or stocks and to guard against depreciation in the purchasing power of money. Any gain through stocks should be held as surplus or reserve and not treated as income to be spent.

Allotment of Investment Funds

The investment fund at the present time is 36% in bonds—64% in stocks. Results over eight years to date are a 10% loss on bonds; 71% gain on stocks—at the height of the market in October, last, the results showed a gain of 111% in stocks. Note that, due to the market break, the stocks did a nose dive of 40%, while most of the loss on the bonds was not due to market conditions but to Congress and the sugar tariff. My sugar bonds did a nose dive somewhat like the stocks. The net income return per year has been 7% on the capital invested, treating as income only dividends and bond interest.

Stocks were bought when they yielded better than bank or bond interest. Prime consideration was given to such factors as management, earnings record, location, prospects and the relative importance of the industry represented by the company. My *stocks were purchased on the basis of partnership*. When you are a partner in an actual partnership you cannot hop out and in every time the market changes—you have to stay with the ship through thick and thin, disregarding speculative considerations. In the corporations today somebody has to stay with them; all cannot get out just because things are going wrong. Somebody has to work the corporation through.

So I figure the main stockholders get a proper return from the business holding through lean and good years and do not see why I should expect to receive a greater return than they get because I am free to jump in and out. In other words buy stocks as if you were to own 51% for the sake of control. I have so far never bought a stock with the idea that it was going to go up. The funds are put into a business to carry it on—with the hope that it will be successful. If not I'll stand my proportion of the losses.

Then again I buy only when things are quiet, when the stock exchange is in the dumps; time and call money cheap. When things are going good, the exchange having several millions of share days, stop buying but take up your rights and keep adding to your holdings thus getting stock below the market all the time.

Financial Weapons for the Modern Crusader

I would like to describe three plans which I have used in handling stocks along the line of attack.

Let me first take Pacific Gas & Electric. The last purchase in the open market was made in 1924 bringing the amount to 40 shares par $25, costing $851.16 or $21.30 per share. Since that year rights have been taken up as follows: 1924, 1926, 1927, 1928 and three offerings in 1929 in the ratio of 10:1. These were all at par except one of 1929 offerings. Taking these rights only has brought present holdings to 113 shares obtained at approximately par, $25. On the money put into these shares my return is 8% which is twice the ordinary savings bank interest. However, at 70, the 113 shares costing $2,825 could be sold for $7,910, a gain of $5,085. Then again another angle, take the three offerings of new stock in 1929 and treating the rights as a sale their value was $12.50 plus $2 divided, giving a $14.50 cash return in one year on par $25 or 58%.

Now let us take another line of attack. New companies sponsored by the large banking firms; if you follow them, give you a good run for your money. Take American & Foreign Power. It was offered to me in 1924, one share of first preferred with a bonus of one share of common free at $96 per unit. The first preferred has paid its 7% dividend from the day offered while the common costing nothing is now quoted around 100.

And the third attack is the proper use of collateral loans. Well secured, these loans will increase your returns, but watch your step for they will increase the losses just as rapidly as they

will the gains. Do not over-borrow.

Here is what \$200 can do. I bought two shares of Southern California Edison 7% preferred in 1923. In August I forwarded the certificate to a bank, told them I'd like to have a loan of \$500 to buy five shares of New York Central common. They bought the N. Y. C. common and put the certificate with the S. C. E. holding the two certificates as security for the loan. The loan is a demand.

As income the transaction works out as follows:

Amount of own money \$200	
Div. S. C. E. per year.......	\$14.00
5 shares N. Y. C. now paying 8%	40.00
Gross income year..........	\$54.00
Interest paid back on loan at 5%	25.00
Income on \$200 of own money	\$29.00

or 14½%. As the loan is still running the transaction is much better than savings bank interest of 4%, and is also better than just holding the S. C. E. certificate for the 7%.

The third plan can be used very nicely with bonds. I placed \$1,000 into Finland 7s, '50, and put it up as collateral to borrow \$2,000 and buy two more of them. The bank held the three bonds as security. This is how the income works out:

Bond interest	\$210.00
Pay bank 5%............	100.00
Income on \$1,000 own money	\$110.00 or 11%

"When you are a partner in an actual partnership you cannot hop out and in every time the market changes—you have to stay with the ship through thick and thin, disregarding speculative considerations."

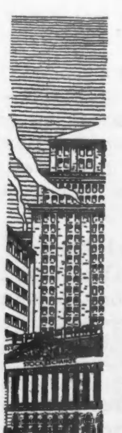
The starting investor has got to attack to get anywhere and give me the stocks for the tools. One can buy Liberties till he is black in the face and he'll never get anywhere, while he is after capital appreciation to protect losses. Capital appreciation is what the beginner has got to have to ever arrive. While bonds will arrive, the time element of the length of our lives makes them too slow for my purposes.

When I get hold of a good stock I crowd it—when I get a poor one I let it go, no matter what the loss. Money is only a tool the same as a hammer. One doesn't have a fit because the hammer is broken. Get a new one. When a bond goes sour forget it but be more careful the next time.

It pays to take risks when the odds are in one's favor but don't go haywire figuring the odds. I did that once in Tia Juana, Mexico and got promptly taken in for a sucker. It was the cheapest lesson in the end I ever had. The odds were 16-to-1 in my favor, \$80 to \$5 on red to win, black to lose. I lost and so did everybody else who played the game that afternoon. I stood around quite a while and watched after I'd paid for my folly.

I know the above remarks do not meet with the full approval of the BYFI Department because it leans to the side of protecting what one has. But if what I have written helps someone else along the road to Financial Independence I'll be satisfied. It is not easy but the returns are very good depending upon the amount of work done. Sometimes I watch the action of a stock for months before buying.

BYFI RECOMMENDS—



For Saving

1. SAVINGS BANK. A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available for employment in other mediums.

2. BUILDING & LOAN AND GUARANTEED MORTGAGES are conservative investments secured by real estate mortage. Building & loan shares, essentially a mortgage investment, are purchasable in monthly installments. Guaranteed mortgages are obtainable in large or small denominations. Both mediums must be selected on their individual merits and the reputation of the association or company.

3. ENDOWMENT INSURANCE is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should occupy a minor role in the accumulating program.

For Investment

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966......	99	4.8
2. Public Service Elec. & Gas 1st & Ref. 5s, 1965......	104	4.8
3. Standard Oil of N. Y. deb. 4½s, 1951	96	4.8
4. Western Pacific 1st 5s, 1946	98	5.1
5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978.....	102	4.9
6. New York Steam 1st "A" 6s, 1947.........	107	5.3
7. Chesapeake Corp. Conv. Coll. 5s, 1947......	100	5.0
8. Associated Dry Goods 1st 6% Pfd.	95	6.3
9. Hudson & Manhattan Conv. 5% Pfd.	80	6.2
10. Southern Pacific Common \$6	124	4.8

The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed, are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

TRADE TENDENCIES

Spring Buying Bolsters Trade

Industry Still Lags in Making Seasonal Gains — Prices Irregularly Higher

BUILDING

Boom Stirs Industry

IN 1928, an incipient business recession which might have developed serious proportions was nipped in the bud by the assumption of vigorous construction activities and in that year building attained record proportions—a fact which contributed no little impetus to the high rate of industrial operations in the early months of 1929. In 1930, with the country in the grip of a business depression that has been eating into corporate profits for the past six months, the monthly reports of building operations have been eagerly scanned for signs of recovery, for substantial increases that would hold forth some assurance that a general revival was on its way. The anticipated pick-up has been slow in coming, par-

(*Please turn to page 58*)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1930 High	1930 Low	1930 Last
Steel (1)	$34.00	$33.00	$33.00
Pig Iron (2)	18.50	18.50	18.50
Copper (3)	0.17⅞	0.14	0.14
Petroleum (4)	1.45	1.30	1.29
Coal (5)	1.65	1.40	1.40
Cotton (6)	0.17½	0.14	0.15⅝
Wheat (7)	1.46½	1.26¼	1.26¼
Corn (8)	1.08⅝	0.99⅝	1.01¼
Hogs (9)	0.10½	0.09½	0.10¼
Steers (10)	16.50	14.25	14.35
Coffee (11)	0.10¼	0.09¼	0.09⅜
Rubber (12)	0.16⅝	0.15⅛	0.15⅝
Wool (13)	0.34	0.31	0.31
Tobacco (14)	0.14	0.14	0.14
Sugar (15)	0.03⅝	0.03⅛	0.03⅛
Sugar (16)	0.05¼	0.04⅝	0.04⅝
Paper (17)	0.03½	0.03½	0.03½
Lumber (18)	20.23	19.11	19.33

* April 19, 1930.

(1) Bessemer billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per lb.; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, New York, $ per bushel; (8) No. 3 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, 100 lbs.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex Crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—A stronger tone has reasserted itself in production rates with heavier orders reported from automotive and building lines and consequently sentiment regarding the industry has become more optimistic. The uncertain price structure, however, remains a disturbing factor under the current circumstance of lower operations.

METALS—With the final materialization of the long awaited cut in quotations for electrolytic copper, the industry as a whole seems to have passed the crisis of the recent depression. Foreign sales have increased appreciably and while little improvement is as yet apparent in domestic orders, some pick up is expected as electrification projects advance. However, company earnings are likely to be materially reduced during the period of readjustment and small units may face a hard struggle.

PETROLEUM—While much of the late news of the petroleum industry has been bullish and although price advances for both crude and refined products indicate strengthening earnings position for well situated companies, the industry must guard against a return of excessive production. Many independent companies which have curtailed output during recent low price levels may speed operations as quotations become more profitable.

RETAIL TRADE—Although averages of chain store sales for March were 2.12% lower than in the corresponding month last year, latest advices from retailing centers state that up to Easter, trade had shown marked increases. However, it is difficult to determine how much of this gain is due to delayed Easter buying and how much reflects constructive improvement in ultimate consumer purchasing.

AUTOMOBILE—March automobile production is estimated at 36% under that of a year ago; but current reports of increasing sales, heavier production and an improving used car situation tend to mitigate dismal statistics to some extent. However, several companies have passed dividends recently and several months of continued improvement will be required to place the industry on a favorable basis.

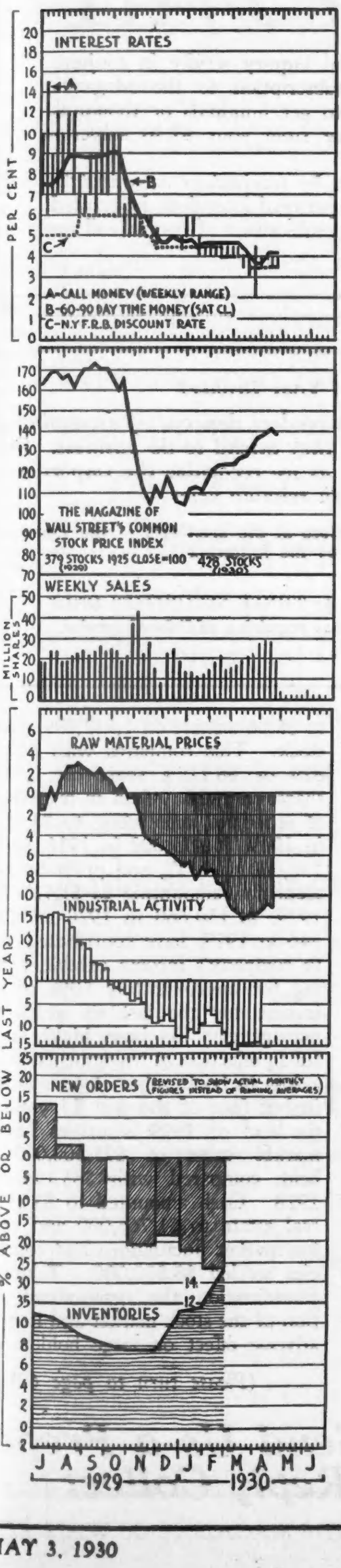
ELECTRICAL EQUIPMENT—Sales in the main are holding up well despite some spottiness in sectional consumption. One of the chief drawbacks to the trade is the slowness of utility construction projects to get under way, but recent cut in copper price should expedite action in this field. Earnings reports of the leading companies for the first quarter were favorable.

MACHINERY—Little important improvement is reported in machinery markets to date and, for the general run of the trade, machinery business still seems to be waiting for a more marked revival in industrial operations. Certain well situated companies, however, continue heavy sales and production as against the main trend.

SUMMARY—In the main, principal indices point to a slow revival of industry through the Spring. However, the recovery is apt to be spotted and those lines directly connected with building activity are likely to be most favored.

THE MAGAZINE OF WALL STREET'S INDICATORS

Business Indexes

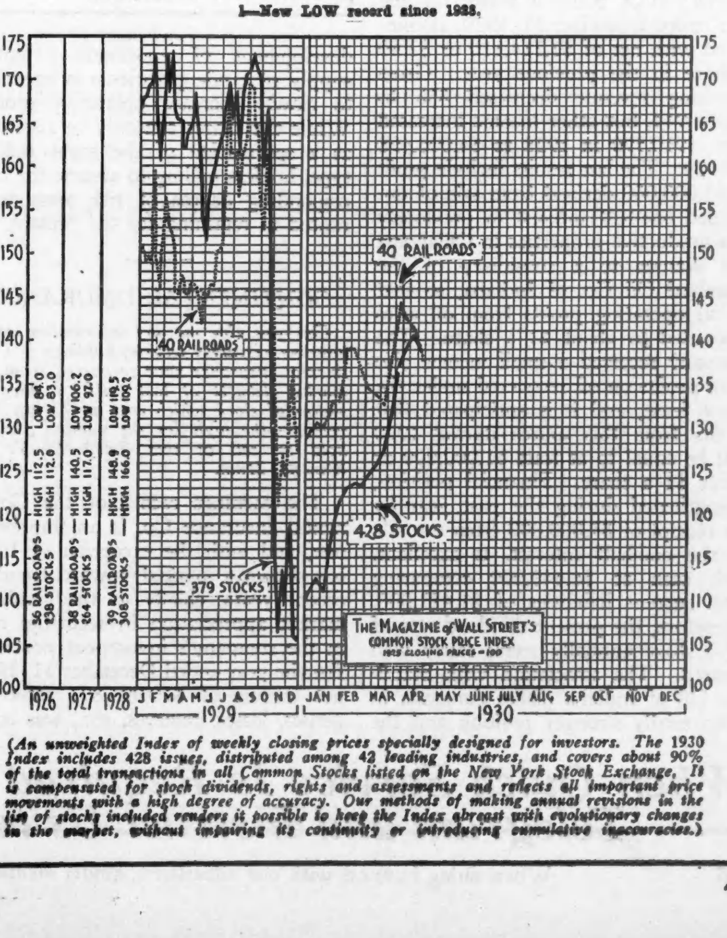


Common Stock Price Index

(1925 Closing Prices—100)

Number of Issues in Group	Group	1930 Indexes (428 Issues) High	1930 Indexes (428 Issues) Low	Recent Indexes Apr. 12	Recent Indexes Apr. 19	1929 Indexes (379 Issues) Close	1929 Indexes (379 Issues) High	1929 Indexes (379 Issues) Low
428	COMBINED AVERAGE	140.7	109.0	140.7	138.8	109.0	173.1	105.6
40	Railroads	144.5	129.0	141.4	138.3	129.0	169.5	120.8
3	Agricultural Implements	405.5	342.4	391.2	405.5	258.0	655.5	237.1
3	Aircraft (1927 Cl.—100)	148.6	82.2	146.3	133.8	86.0	307.1	78.0
5	Amusement	237.0	123.4	231.3	237.0	129.6	268.0	121.5
22	Automobile Accessories	118.1	84.2	118.1	114.5	84.2	212.6	82.9
16	Automobiles	78.4	53.0	77.6	72.2	54.2	136.9	52.1
3	Baking (1926 Cl.—100)	74.2	42.7	74.2	73.3	42.4	96.3	39.8
2	Biscuit	245.9	189.9	240.3	241.0	189.9	267.6	177.0
5	Business Machines	262.7	213.1	262.7	254.9	219.4	383.8	205.0
2	Cans	226.0	169.8	219.7	220.3	171.9	273.5	157.1
9	Chemicals & Dyes.....	248.5	216.9	248.5	247.2	220.4	363.9	204.5
4	Coal	107.9	83.5	100.0	106.3	83.8	124.0	77.0
16	Construction & Bldg. Material	121.8	80.9	121.8	118.6	82.4	145.4	76.6
18	Copper	211.7	180.6	191.0	180.6-1	194.5	391.5	189.6
4	Dairy Products	122.3	81.4	115.7	122.3	86.5	146.0	73.3
10	Department Stores	51.6	37.3	48.3	51.6	38.0	86.5	37.5
9	Drugs & Toilet Articles.....	142.0	128.6	141.0	140.3	128.6	199.2	119.2
8	Electric Apparatus	239.1	172.9	239.1	238.5	172.9	298.5	151.3
3	Fertilizers	54.4	40.1	52.3	49.3	40.8	121.4	36.5
2	Finance Companies	148.4	101.4	142.3	140.6	101.4	213.9	95.3
4	Furniture & Floor Covering...	119.2	97.2	98.5	97.2-1	109.2	209.3	102.3
6	Household Appliances	92.5	57.3	88.1	92.1	57.3	110.8	56.6
4	Investment Trusts	184.9	125.7	184.0	184.8	125.7	406.2	113.3
3	Mail Order	170.0	125.1	170.0	168.8	132.6	418.6	127.5
4	Marine	88.8	61.7	82.7	80.4	62.2	98.7	60.1
3	Meat Packing	58.6	50.1	57.0	56.7	54.2	104.4	51.9
45	Petroleum & Natural Gas.....	139.9	102.1	139.9	137.6	106.7	171.7	104.5
6	Phon'phs & Radio (1927—100)	171.6	94.0	171.6	166.0	129.6	321.1	116.3
28	Public Utilities	305.0	224.5	305.0	304.8	224.9	388.4	194.2
11	Railroad Equipment	115.4	99.2	109.0	105.9	99.2	186.1	95.0
3	Restaurants	153.1	127.2	149.9	153.1	127.2	180.5	117.9
9	Shoe & Leather	116.5	79.4	113.3	116.5	79.4	178.3	76.3
2	Soft Drinks (1926 Cl.—100)..	246.5	195.5	237.5	239.0	198.4	244.0	183.5
15	Steel & Iron	146.5	117.3	144.0	145.3	117.3	173.4	112.8
6	Sugar	45.1	38.3	41.3	38.3-1	39.7	81.6	39.2
2	Sulphur	268.7	214.0	263.2	268.7	214.0	295.2	191.4
3	Telephone & Telegraph.....	177.2	162.7	177.2	175.0	167.8	252.3	150.1
6	Textiles	70.5	49.9	68.2	67.4	49.9	128.5	48.1
8	Tire & Rubber	39.0	25.6	39.0	37.2	25.6	111.4	25.6
13	Tobacco	107.3	83.4	103.7	104.9	83.4	184.0	79.6
5	Traction	103.5	93.5	98.5	94.1	65.2	140.4	58.9
2	Variety Stores	97.3	78.0	81.9	82.5	88.7	138.3	83.9

1—New LOW record since 1928.



(An unweighted Index of weekly closing prices specially designed for investors. The 1930 Index includes 428 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our methods of making annual revisions in the list of stocks included renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

ANSWERS TO INQUIRIES

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The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

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1. ***Be Brief.***
2. ***Confine requests for an opinion to THREE SECURITIES ONLY.***
3. ***Special rates upon request to those requiring additional service.***
4. ***Write name and address plainly.***

AMERADA CORP.

Is Amerada common likely to cross 40 if the anticipated move in the oils becomes an actuality? What is your opinion concerning Amerada? Is the $2 dividend safe? I have been patiently holding 75 shares which cost me 38 over a year ago. Shall I continue to retain or take advantage of the current rise to 26 and close out, even at a loss of $900?—P. R. E., Muskogee, Okla.

The Amerada Corp. specializing in the production of crude oil and casing-head gasoline, reported net income of $2,758,900 or $2.99 a share, for the year ended December 31, 1929, as compared with net of $2,214,110 or $2.40 a share in the previous year. Gross operating revenue decreased 8% to $9,908,744, but other income increased from $910,590 in 1928 to $4,006,498 in 1929. The last results include profit of $2,000,000 derived from sale of undivided one-half interest in previously non-productive properties in Oklahoma and Kansas to a subsidiary of the Standard Oil Co. of Indiana, so that actual operating profits from oil sales amounted to about $1 a share. The company received a small income also from profits on oil recovered under the above lease, and it is anticipated that profits from this source during 1930 will be equal to at least $1,000,000 or about $1 a share. Financial position, strengthened during the past year by the receipt of $5,000,000 from the sale of the one-half interest, is excellent, with cash of $6,440,000 comparing with current liabilities of $1,412,000. Therefore, the present dividend rate of $2 a share annually seems fairly well secured. The association with Standard Oil of Indiana places Amerada in a materially stronger position and the development of enormous potential supply of crude petroleum is expected to slowly increase operating profits. While the shares can only be regarded as a speculation of the more radical type, holders willing to assume the corresponding degree of risk seem warranted in retaining for the present.

CONTINENTAL INSURANCE

Can you give me any information as to how the extensive security holdings of Continental Insurance have recovered from the market debacle of last fall? I have 40 shares of stock which cost me 73 last November—the high for the month. Shall I hold or sell at this time?—E. T. L., Winona, Minn.

The earnings record of the Continental Insurance Co. is an impressive one, and with the exception of 1929, has shown a marked upward trend in recent years, chiefly as the result of market appreciation in securities held in the company's investment portfolio. For the year ended December 31, 1929, net income of $10,993,873 after expenses, losses, reserves, etc., was equal to $5.66 a share on 1,942,099 shares of stock. This compares with $12,319,829 or $8.21 a share on 1,500,000 shares in 1928. Gain in market value of securities, amounting to $3,419,328 in 1929, $5,459,000 in 1928, and $5,536,000 in 1927, and profit on sale of securities, amounting to $1,537,031 in 1929, $1,130,660 in 1928 and $996,846 in 1927, have contributed heavily to company's income exhibit, accounting for approximately 50% of entire income for the last six years. The management has been highly successful in selection of investments, showing a loss in book value of securities held in but four of the past 14 years. At the end of 1929 securities having a market value of $95,300,000 were held, compared with $83,194,000 in 1928. Cash amounted to $3,052,000, real estate to $1,766,000 and reserves for market fluctuations and contingencies totaled $8,800,000. Taking into consideration the demoralized condition of the stock market and its general adverse effect on large holders of se-

(Please turn to page 60)

When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect

Investment Advice

Advice is a term often used and often misunderstood. Analysis rather than advice, should be the first step in any investment decision. Every investor, before purchasing any type of securities should analyze thoroughly his own financial position.

Then when his own individual problems are clearly defined and understood, a competent investment organization should be consulted.

The National City Company, with its international buying and distributing organization, is well qualified to act in such consultant capacity. In its list of offerings will be found high grade securities of widely different classifications. From them, with the help of a National City man, investments that conform to individual needs may be selected.

The National City Company

NATIONAL CITY BANK BUILDING, NEW YORK

INVESTMENT SECURITIES

Offices in Principal Cities throughout the United States and Canada and in London, Amsterdam, Geneva, Tokio and Shanghai.

The Strong Hand on the Business Throttle

(Continued from page 13)

the usual rate of growth, and the figures tell us month to month whether we are ahead of or behind that line of growth. We know that bank credit normally grows at the rate of 4 or 5 per cent a year, and excessive growth beyond that rate or deficiency below that rate is a signal that the credit situation is to be scrutinized with care."

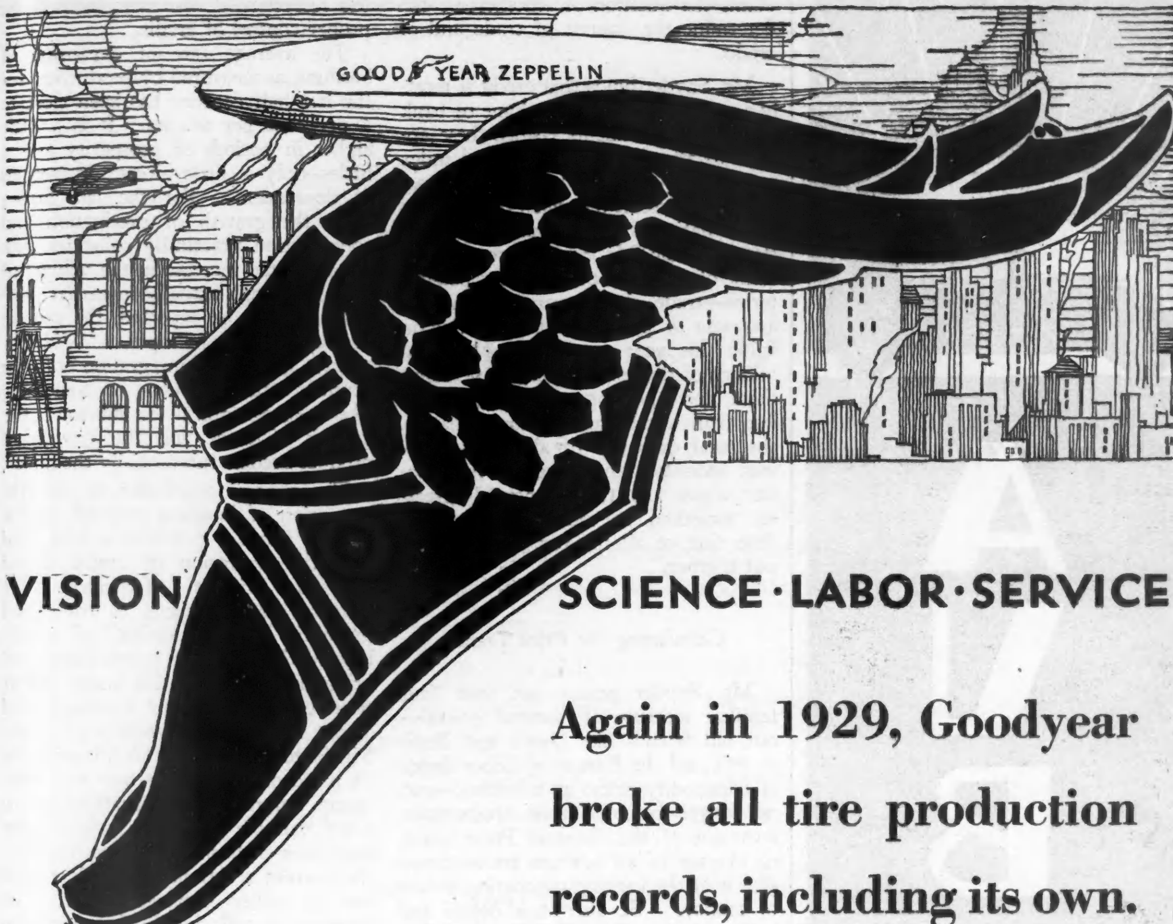
Speaking also at the same time, Prof. O. M. W. Sprague, of Harvard University, who has recently been retained as economic counsel for the Bank of England, brought out the singularly independent position of the Federal Reserve System with respect to inhibitions arising from gold reserve considerations. He declared that "there is no particular ratio between gold on the one hand, the supply of and credit and currency on the other that is required to support and give strength to the credit structure." Prof. Sprague is not at all alarmed by the declining ratio of gold to total bank deposits in the United States, and he sees no reason why the reserve ratios of the Federal Reserve Banks (not member banks) could not be reduced in time to 20 per cent. From all this it appears certain that no other banks of issue in the world have such ammunition with which to assail approaching business crises as those of the Federal Reserve System.

What Are the Signals?

That being the case with respect to capacity, what shall be the signals of action?

At bottom the problem of control of business weather is one of knowing what the actual business condition is and having a normal standard with which to compare it and deduce conclusions governing action. "The problem," Carl Snyder, general statistician of the New York Reserve Bank, told the Academy of Political Science, "is the relations of credit and trade and their expression in the general level of prices—the familiar equation of exchange of Newcomb, Kemmerer and Fisher." The ratio of credit to trade determines prices. If then we can control that ratio the general level of prices can be maintained—and if that is done, great disturbances in business weather can be avoided.

There is general agreement of the authorities that the Federal Reserve System can regulate credit. There re-



VISION SCIENCE·LABOR·SERVICE

Again in 1929, Goodyear broke all tire production records, including its own. In greater numbers now than ever before, "more people ride on Goodyear Tires than on any other kind."

Goodyear yearly production of pneumatic tires for motor vehicles

1922	**7,887,243**
1923	**9,119,335**
1924	**10,056,437**
1925	**12,458,144**
1926	**13,781,714**
1927	**16,002,630**
1928	**21,575,945**
1929	**23,063,150**

THE GREATEST NAME IN RUBBER

GOODYEAR

mains the question of whether we can determine the volume of trade and of credit.

Mr. Snyder holds that credit is mostly a matter of the total volume of bank loans and investments, "since these appear to afford the best practical index or measure that we have of the vast total of all credit by which the business of the nation is carried on." As to the state of trade, Mr. Snyder proposes "to think of trade in the broadest possible terms—trade that covers the making and sale of products that reaching in value this year maybe to a hundred billions of dollars or more, as we count them, and involving transactions of not less than a thousand billions; that is, the total exchange of all goods, services, securities and property in a nation whose total trade is possibly greater, measured in money transactions, than that of all the rest of the world put togther."

Calculating the Price Trend

Mr. Snyder points out that "our familiar measure of 'general prices'—our old friends like *Dun's* and *Bradstreet's* and the *Bureau of Labor Index* of commodity prices at wholesale—can no longer be considered trustworthy measures of the General Price Level, or average of all business transactions; that is of the varying purchasing power of money." So also bank debits and bank clearings, Mr. Snyder concludes, are not entirely satisfactory barometers of trade. In place of them we now have a large number of series covering almost every phase of the production, transport and distribution of goods, both at wholesale and retail; about 75 of which are now available monthly. Now, when the rate of turnover of bank deposits is compared with the new broad index of the total volume of trade they are found to be closely parallel, which is simply saying that business activity is accompanied by a corresponding and parallel deposit activity. This parallelism is incidentally but not continuously affected by very active speculation, but generally, the fluctuations of trade and the velocity of deposits offset each other in the long trend. The theoretical general level of prices obtained from the ratio of credit—bank deposits—to the broad composite index of trade in all its aspects conforms closely to recorded price levels as determined by putting together all available price indexes for wholesale and retail goods and for services and property. Now if at any particular period credit and trade are departing from their long-time normal trends, as established, price variations of a disturbing nature may be expected to ensue, and should be preventable by the correction of the ratio through the proper control of credit.

The average rate of expansion of business, as measured by production for the last half century has been close to 4 per cent per annum. It is a little higher in periods of prosperity and a little—only a little—lower in periods of depression. For the last fifteen years the growth of production and consumption practically coincides with the estimated increase in the volume of trade, although actually in earlier periods, as might be expected, the growth of trade was more rapid. "With the steady industrial integration of the country, attaining now to something like a geographical equilibrium, the growth of trade and the growth of product become substantially the same."

The general conclusion is that the expansion of business proceeds at the rate of about 4 per cent a year, and that the expansion of credit should keep pace with it. "Otherwise there seems a definite check to trade and prosperity." Expansion of credit beyond the indicated normal level will bring about a speculative mania and its train of evils. Undue contraction of credit will cause stagnation of trade. Mr. Snyder thinks that in following the "4 per cent" guide "we may to a large extent ignore those fluctuations in the more variable industries which arise from over-enthusiasm or miscalculation, the current reactions from which give rise to rather hysterical beliefs that business is suffering." In conclusion he says:

"But it seems to me that this new knowledge derived from the measurements I have described does indicate that we might perhaps, without great difficulty, maintain a high degree of business stability, taking business as a whole, and therefore of employment and of social welfare. If these measures are correct this would in turn carry with it increasing stability of the general level of prices, or average purchasing power of money. And all this would inevitably relieve business and industry from its old-time and still existent dread and fear of financial and monetary concussions; and thus give the freest rein to the advance of technology, discovery and improvement in management."

It seems to be conceded that the Federal Reserve System has the power to adjust credit to the normal requirements. If Mr. Snyder's conclusions as to the determination of the trend of trade growth and his adoption of bank deposits as the measure of credit are accepted, we have ready means of determining whether at any time the situation calls for stimulative or deterrent action by the System. That is to say that the System can, if it will, prevent grave crises. Will it do it?

St. Louis-San Francisco

(*Continued from page 27*)

diate situation, the current slump in railroad traffic need not prove discouraging. Frisco's physical condition is excellent. Hence there would seem to be some leeway for letting down on maintenance, if need be. Moreover, freight tonnage appears fairly well stabilized as indicated by a smaller shrinkage in petroleum traffic than might be expected in view of the oil industry's curtailment program. Other classes of traffic may well gain volume in later months. Such expansion would readily admit of an upward revision in earning estimates to possibly $10 a share for the year.

Even some modification of the prevailing dividend policy would not destroy other favorable aspects of the Frisco situation. The Interstate Commerce Commission has granted the road's application to construct 113 miles of new lines into Texas which will materially shorten distances over the Chicago, Rock Island & Pacific and the Frisco systems from western Oklahoma, Texas and eastern New Mexico to Dallas, Fort Worth and Gulf. These facilities, moreover, are expected to open up new agricultural areas and proven oil lands.

Association With Rock Island

Frisco's corporate relations with Rock Island are, of course, quite intimate. The former holds a block of Rock Island common stock, aggregating 183,333 shares, or 24.6% of the total outstanding. This investment, acquired in 1925, cost $10,506,190 or an average of $57.35 a share. Aside from the unrealized profit, St. Louis-San Francisco is obtaining a return of more than 12.2% on this holding.

Since the two roads interconnect at nearly a dozen points, affording an advantageous interchange of traffic, a merger of the two would materially strengthen the competitive position of the unified system. Frisco's holdings of Rock Island strongly suggest unification in the course of time. Such a merger would seem to have the sanction of the Interstate Commerce Commission, inasmuch as that body saw fit to list both roads as the nucleus for Grouping 19 in its consolidation plan of December, 1929.

Another investment which holds speculative attraction for Frisco's shareholders is its half-interest, amounting to 500,000 shares, in the New Mexico & Arizona Land Company. This holding is carried on the road's books at the nominal value of $1, though it represents an equity of approximately 0.89 acres per share of Frisco stock. The land company owns about 1.16 million acres in New Mexico and Arizona on properties believed to bear undeveloped resources in the form of coal and oil.

These speculative features, along with the prospective long term expansion of the road's territory and development of newer traffic facilities, would seem to afford ample compensation for the immediate uncertainties raised by current recession in business. Weighed in the scale of average earning power and probable future tendencies, accordingly, Frisco common has much to commend it to the holder who recognizes that the stock may not assay high as a straight investment and may be subject to some erratic market tendencies until the traffic situation improves definitely. At current levels around 114, the comparative speculative risk does not appear to be out of proportion to the potentialities for longer range price enhancement.

American Light & Traction Company

(*Continued from page 29*)

1928, and equal to $3.85 on the 2,766,972 shares of new $25 par value stock, against $3.04 a share on the same basis the year before.

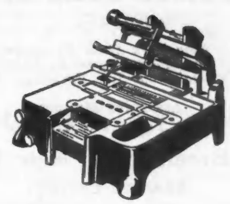
Common Stock in Attractive Position

The common stock has recently been split 4 for 1, par value being reduced from $100 to $25 per share. Beside the common stock, there is outstanding only a relatively small amount of 6% of preferred stock—134,081 of shares, but no funded debt. The split-up of the common shares is a favorable development for the stockholders because public interest will be stimulated with consequent wider distribution. The stock is listed on the New York Curb Exchange, the new stock selling at about 85 on a when-issued basis, awaiting approval of the stockholders who will vote on the change on May 5th. This price represents approximately 22 times the 1929 earnings per share or about in line with other standard utility common stocks. Two factors, however, should be considered in this connection. The first is that a large portion of the earnings are derived from dividends from investments in other utility shares where it is customary to retain much of the income instead of disbursing it in the form of dividends. The book value of these investments

(*Please turn to page 58*)

What part does hand work play in your business?

A question that has a direct bearing on profits



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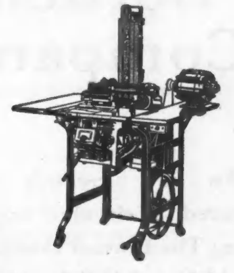
The Addressograph representative will be glad to give you full information without obligation.



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New York Stock Exchange

RAILS

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 4/23/30	Div'd $ Per Share
A								
Atchison	204	182⅝	298⅝	195⅛	242⅛	219⅝	233	10
Do Pfd.	108½	102½	104⅞	99	106⅛	102⅝	106¼	5
Atlantic Coast Line	191½	157⅛	209⅛	161	175⅛	166	†171⅛	10
B								
Baltimore & Ohio	125⅝	103⅜	145⅛	105	122⅝	115	117	7
Do Pfd.	85	77	81	75	83	78¼	†81⅛	4
Brooklyn-Manhattan Transit	77¾	53⅝	81⅞	40	78⅝	68	71	4
Do Pfd.	95⅝	82	92⅝	76⅛	93½	84⅞	93	6
C								
Canadian Pacific	253	195⅛	265⅞	185	226⅜	187⅝	208⅝	10
Chesapeake & Ohio	218¾	175⅛	279⅝	160	241¾	203	222	10
C. M. & St. Paul & Pacific	40⅛	22¼	44⅞	16	26⅝	21⅛	22	..
Do Pfd.	59⅝	37	68⅝	28½	46½	37¼	38	..
Chicago & Northwestern	94¼	78	108½	75	89⅞	83⅛	83¾	5
Chicago, Rock Is. & Pacific	139⅝	106	143⅛	101	125⅛	114	118	7
Do 7% Pfd.	111½	105	109	100	110⅜	107	†107½	7
D								
Delaware & Hudson	226	163¼	226	141⅛	181	161⅛	175¾	9
Delaware, Lack. & Western	150	125¼	169⅝	120¼	153	136	138⅛	7
E								
Erie R. R.	72⅛	48⅝	93⅛	41⅛	63⅜	53⅛	54¼	..
Do 1st Pfd.	63⅝	50	66¼	55⅛	67⅜	61⅜	63⅜	4
Do 2nd Pfd.	62	49¼	63⅞	52	62½	57½	†59	4
G								
Great Northern Pfd.	114⅜	93⅛	128¼	85⅛	102	95	95⅛	5
H								
Hudson & Manhattan	73⅛	50⅛	58⅝	34½	53⅜	46⅝	49⅞	3½
I								
Illinois Central	148⅜	131⅜	153⅛	116	136⅜	127¼	136⅜	7
Interborough Rapid Transit	62	29	58⅝	15	39½	20⅝	34	..
K								
Kansas City Southern	95	43	108⅞	60	85⅝	77	80	5
Do Pfd.	77	66½	70½	63	70	67⅛	†68	4
L								
Lehigh Valley	116	84⅛	102¼	65	84⅞	74¼	78	4½
Louisville & Nashville	159½	139⅝	154¾	110	138⅛	128	135	7
M								
Mo., Kansas & Texas	58	30½	65⅝	27⅛	66⅝	46⅞	58⅝	..
Do Pfd.	109	101⅛	107⅛	93⅞	108⅝	103	†106½	7
Missouri Pacific	76¼	41⅞	101⅝	46	98½	87	90½	..
Do Pfd.	126⅞	105	149	105	145½	134	†135½	5
N								
New York Central	196⅛	156	256⅛	160	192¾	167	179⅝	8
N. Y., Chic. & St. Louis	146	121¼	192⅝	110	144	130	131	6
N. Y., N. H. & Hartford	82¾	54⅝	132⅛	80⅝	128⅛	108⅝	117⅝	6
N. Y., Ontario & Western	39	24	32	8	17¼	13⅛	14	..
Norfolk & Western	198½	175	290	191	265	226	252	10
Northern Pacific	118	92⅝	118⅞	75⅛	97	84	88⅞	5
P								
Pennsylvania	76⅞	61⅞	110	72⅛	86⅝	72⅛	81½	4
Pere Marquette	154	124⅞	260	140	164½	150	160¼	8
Pittsburgh & W. Va.	163	121¼	146⅝	90	121¾	108	108	6
R								
Reading	119⅝	94¼	147⅝	101½	141⅛	115½	115½	4
Do 2nd Pfd.	59⅞	44	60⅝	43⅝	57	47¾	†48¼	2
S								
St. Louis-San Fran.	122	109	133¾	101	118⅞	107⅝	116⅛	8
St. Louis-Southwestern	124½	67½	115⅜	50	70	59¼	62	..
Seaboard Air Lines	30½	11⅝	21¾	9⅛	12½	9⅝	11⅛	..
Do Pfd.	38	17	41⅞	16¼	28	22	†23	..
Southern Pacific	131¼	117⅝	157½	105	127	119¼	124	6
Southern Railway	165	139½	162⅛	109	136⅜	114	115⅛	8
Do Pfd.	102¼	96⅝	100	93	101	98	99¾	5
T								
Texas & Pacific	194⅝	99⅛	181	115	141	117	140	5
U								
Union Pacific	224⅞	186⅛	297⅝	200	242⅝	215	233¾	10
Do Pfd.	87¼	82⅛	85½	80	86⅛	82¼	84⅝	4
W								
Wabash	96¼	51	81⅝	40	67⅝	51	58	..
Do Pfd. A	102	88½	104⅞	82	89¼	83	87½	5
Western Maryland	54⅜	31⅜	54	10	36	24⅛	31⅝	..
Do 2nd Pfd.	54⅞	33½	53½	14⅝	38	24½	†30⅝	..
Western Pacific	38½	28¼	41⅞	15	30½	21	†24¼	..
Do Pfd.	62⅛	52⅛	67⅝	37½	53½	40½	46⅝	..

INDUSTRIALS AND MISCELLANEOUS

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 4/23/30	Div'd $ Per Share
A								
Adams Express	425	195	34	20	37⅞	23¼	34½	1.60
Air Reduction Inc.	99⅝	59	223⅝	77	150⅝	118	140⅝	3
Allegheny Corp.	..	..	56⅛	17	35¼	23	31	..
Allied Chemical & Dye	252¾	146	354¾	197	343	255⅝	332¾	6
Allis Chalmers Mfg.	200	115⅛	75⅛	35⅛	68	49¼	64⅞	3
Amer. Agricultural Chem. Pfd.	79⅞	55⅝	73⅝	18	10⅝	6⅝	8	..
Amer. Bank Note	159	74¾	157	65	97⅝	77	91¼	3
Amer. Brake Shoe & Fdy	49⅛	39⅝	62	40⅛	54⅝	46¾	†48½	2.40
American Can	177½	70⅛	184½	86	156⅛	117¼	150⅛	4
Amer. Car & Fdy	111½	88¼	106⅛	75	82½	57	57⅛	6
Amer. & Foreign Power	85	22⅝	199⅛	50	101⅞	82⅝	95⅝	..
American Ice	46⅝	28	54	29	41⅞	35⅛	37¼	4
Amer. International Corp.	150	71	96¾	29⅛	55⅝	35⅝	51	2
Amer. Mchy. & Fdry.	180	129⅝	279¾	142	276	210	273½	7
Amer. Metal Co., Ltd.	63¾	39	81⅜	31⅛	51⅛	41⅛	41⅝	3
Amer. Power & Lt.	95	62¼	175⅝	64¼	119⅝	77	114	1
Amer. Radiator & S. S.	191½	130⅛	55⅝	23	39⅝	30⅛	37	1½
Amer. Rolling Mill	..	..	144⅝	60	100⅞	80⅛	91	2
Amer. Smelting & Refining	293	169	130⅛	62	79⅛	69⅞	71⅝	4
Amer. Steel Foundries	79⅝	50⅛	79⅝	35¾	52⅛	44⅛	46⅛	3
American Stores	..	..	514	120	55⅛	46⅛	53⅛	2

Price Range of Active Stocks

INDUSTRIALS AND MISCELLANEOUS—*(Continued)*

	1928		1929		1930		Last Sale 4/23/30	Div'd $ Per Share
	High	Low	High	Low	High	Low		
Amer. Sugar Refining	93½	55	94¾	56	69⅞	60⅛	66⅝	5
Amer. Tel. & Tel.	211	172	310½	193¼	274½	216	254⅝	9
Amer. Tobacco Com.	184⅝	152	232½	160	244⅞	197	236½	8
Amer. Type Founders	142¼	109⅞	181	115	141¾	125	136½	8
Amer. Water Works & Elec.	76½	52	199	50	124	88⅛	120⅝	1
American Woolen	32⅜	14	27⅞	5⅞	20¼	7⅛	14⅝	..
Anaconda Copper Mining	120¼	54	140	67¼	81½	65	65⅝	7
Armour of Ill. Cl. A	28⅛	11¼	18⅝	5⅛	8⅛	5¼	6⅛	..
Arnold-Constable Corp.	51¾	35¼	40⅞	6⅛	13¾	6⅝	12	..
Assoc. Dry Goods	75½	40¼	70¾	25	50½	28	47¼	2½
Atlantic, Gulf & W. I. S.S. Line	59⅞	37⅛	86⅞	32⅛	80⅜	63	65	..
Atlantic Refining	66½	50	77⅞	30	51⅜	36¼	45¼	2
Auburn Auto	..	..	85	40	263¾	175½	256	4
B								
Baldwin Loco. Works	285	235	66⅝	15	38	30⅛	31⅝	1¾
Barnsdall Corp. Cl. A	53	20	49⅛	20	34	20⅛	31½	2
Beech Nut Packing	101¼	70⅝	101	45	70⅛	60⅛	68	3
Bendix Aviation	..	..	104¾	25	57⅜	32⅞	51⅝	2
Best & Co.	102	53¾	60⅞	25	54	31⅛	52½	2
Bethlehem Steel Corp.	86⅝	51⅞	140¾	78⅛	110¼	92	103⅛	6
Bohn Aluminum	..	..	136¾	37	69	47⅞	62	3
Borden Company	187	152	100¼	53	84¾	60⅛	82½	3
Borg-Warner	..	..	86⅞	26	50⅛	32⅞	46⅝	4
Briggs Mfg.	63⅝	21⅛	68⅛	8⅛	22⅞	13⅛	22	..
Bucyrus-Erie Co.	48¾	24⅛	43¾	14	31⅞	22⅛	28⅛	1
Burroughs Adding Mach.	249	139	96⅞	29	51⅞	43¼	45¾	1
Byers & Co. (A. M.)	206¾	90⅛	192⅝	50	110	80⅛	106⅛	..
C								
California Packing	82⅝	68½	84⅞	63⅛	77⅛	66⅝	75	4
Calumet & Arizona Mining	133	89	136¾	73⅛	89⅞	70	70⅛	6
Calumet & Hecla	47⅞	20¼	61⅞	25	33⅜	20	20½	4½
Canada Dry Ginger Ale	86⅛	54⅞	98¾	45	75⅝	63¾	69	5
Case, J. I.	515	247	467	130	353	192¼	358	6
Caterpillar Tractor	..	..	61	50¼	78⅜	54	76⅛	3¼
Cerro de Pasco Copper	119	58⅛	120	52¼	65⅜	55⅛	56⅝	6
Chesapeake Corp.	81⅞	62¾	92	42⅛	82½	63⅛	77¼	3
Childs Co.	64	37	75⅞	44¼	67½	57⅞	61	2.40
Chrysler Corp.	140⅛	54¾	135	26	43	33⅛	39¾	3
Coca-Cola Co.	180½	127	154⅛	101	187⅞	133¼	183⅞	6
Colorado Fuel & Iron	84⅛	52⅛	78⅛	27¾	77	36⅛	72⅞	2
Columbian Carbon	134¾	79	344	105	199	168⅛	180	6
Colum. Gas & Elec.	140⅞	89⅛	140	52	87	80⅛	83⅛	2
Commercial Solvent	250¼	137⅞	63	20¼	38	27¼	35⅛	1
Commonwealth Southern	..	..	29⅞	10	20¼	12¾	18⅝	.60
Congoleum-Nairn, Inc.	31½	22	35¾	11	19¾	13½	17	..
Consolidated Gas of N. Y.	170¼	74	183¼	80⅛	134	96⅝	132	4
Continental Baking Cl. A	53⅛	26⅛	90	25¼	52½	30¼	32¼	..
Continental Can, Inc.	128⅞	53	92	40½	71⅝	50⅛	67¼	2½
Continental Motors	20½	10	28⅝	6⅛	8¼	5⅝	6⅝	..
Continental Oil	..	..	47⅛	48	30¼	19½	28⅜	..
Corn Products Refining	94	64¾	126⅜	70	111	87½	110¼	3¾
Crucible Steel of Amer.	93	69¼	121¾	71	93⅝	84	86	5
Curtiss Wright, Common	..	..	30⅛	6⅜	14⅞	6⅛	12⅞	..
Curtiss Wright, A	..	..	37⅞	13¼	19⅜	13⅜	17¼	..
Cudahy Packing	78¼	54	67⅞	36	48	44⅛	44¼	4
D								
Davison Chemical	68¾	34⅝	69⅛	21¼	43⅝	28⅝	37	..
Drug, Inc.	120⅛	80	126½	69	87⅜	77	83¼	4
Du Pont de Nemours	503	310	231	80	145¼	112⅛	137⅛	4.70
E								
Eastman Kodak Co.	194¼	163	264¾	150	248½	175¾	248½	8
Eaton Axle & Spring	68⅛	26	76¾	18	37¼	27⅞	31¼	3
Electric Auto Lite	136½	60	174	50	114⅞	81	108½	6
Elec. Power & Light	49⅝	28¾	86⅝	29⅛	102¼	49¼	102	1
Elec. Storage Battery	91⅛	69	104⅛	55	79¼	69¾	74¼	5
Endicott-Johnson Corp.	85	74¾	83⅝	49¼	59⅝	52¼	†53	5
F								
Federal Light & Traction	71	42	109	60⅛	90¼	59⅝	†80⅝	1½
Fox Film Cl. A	119⅝	72	105⅝	19⅛	56¼	16⅛	55	$4
Freeport Texas Co.	109¼	43	54⅞	23¾	55½	38⅛	52¾	5
G								
General Amer. Tank Car	101	60⅞	123⅛	75	111⅞	99⅝	108½	4
General Asphalt	94⅞	68	91¾	42¼	71⅛	49⅛	65⅜	4
General Electric	221½	124	403	168⅛	95⅜	60⅛	90⅞	1.60
General Foods	..	..	81¾	35	56⅛	46⅛	56	3
General Motors Corp.	224¾	130	91¾	33⅛	54¼	37½	51	3.30
General Railway Signal	123⅝	84¼	126⅛	70	106⅞	86⅛	98	5
Gillette Safety Razor	123⅜	97⅛	143	80	106⅛	81½	87½	5
Gold Dust Corp.	143¼	71	82	31⅛	47⅜	37¾	46	2½
Goodrich Co. (B. F.)	109¼	86⅛	105¾	38¼	58⅛	40¼	48⅛	4
Goodyear Tire & Rubber	140	45¼	154½	60	96⅞	62	85½	5
Grandby Consol. Min., Smlt. & Pr.	93	39⅛	102⅞	46¼	59⅞	38⅛	40	8
Great Western Sugar	38½	31	44	28	34⅛	28	29¼	2.80
Gulf States Steel	78⅞	51	79	42	80	51⅞	†67	4
H								
Hershey Chocolate	72⅛	30¾	143⅞	45	107⅞	70	103¼	5
Houston Oil of Texas	167	79	109	28	114	52⅛	110	..
Hudson Motor Car	99⅞	75	92⅛	38	62⅞	50	50¾	5
Hupp Motor Car	84	29	82	18	26⅝	20¼	22	2
I								
Inland Steel	80	46	118	71	98	70⅝	92	4
Inspiration Consol. Copper	48⅞	18	66¾	22	30⅞	19¾	20½	4
Inter. Business Machines	166¾	114	225	109	193	152½	185½	6
Inter. Cement	94⅞	56	102¾	48	75⅝	55⅝	70	4
Inter. Harvester	97⅞	80	142	65	115¾	78⅜	111¾	2½
Inter. Nickel	269½	73⅝	72¾	25	44⅝	31⅝	38⅞	1
Inter. Tel. & Tel.	201	139⅛	149¼	53	77⅛	62⅝	73⅝	2
J								
Jewel Tea	179	77¾	84⅛	45	59	43	54⅞	4
Johns-Manville	203	96¼	242¾	90	148⅝	117	125⅝	3
K								
Kennecott Copper	156	80⅛	104⅞	49⅝	62¾	49	49½	5
Kresge Co. (S. S.)	91¾	65	57⅛	28	36¾	30⅝	32¼	1.60
Kroger Grocery & Baking	132¼	73¼	122⅛	38¼	48⅛	37	38	1

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS AND MISCELLANEOUS—*(Continued)*

	1928		1929		1930		Last Sale 4/23/30	Div'd $ Per Share
	High	Low	High	Low	High	Low		
L								
Lambert Co.	136⅝	79½	157¼	80½	113	97	106⅛	8
Lehn & Fink	64½	33	63½	28	36	29⅝	32¼	3
Liggett & Myers Tob	122½	83¼	100	80½	113¾	91½	109⅞	5
Loew's Inc.	77	49½	84½	32	91	48½	90⅞	3
Loose-Wiles Biscuit	55⅜	44¼	58⅜	30½	70⅛	50½	66⅛	2.70
Lorillard	46⅝	23⅜	31½	14¼	26½	16⅝	25⅝	..
M								
Mack Truck, Inc.	110	83	114¾	55⅛	88⅛	70	82¼	6
Macy (R. H.)	187¾	134	255½	110	159¼	133	140½	3
Magma Copper	75	43⅝	82½	35	52½	41⅝	41⅞	3
Mathiesen Alkali	190	117⅝	78⅝	29	51⅜	37½	47⅞	2
May Dept. Stores	113¼	75	108¼	48½	61⅜	49	54¼	2
McKeesport Tin Plate	78⅝	63½	82	54	84¼	61	83⅝	4½
Mont. Ward & Co.	156½	115¼	156⅝	42⅝	49⅞	35¼	46¼	3
Murray Corp.	194¼	21½	100⅞	14⅝	25¼	18	23¼	..
N								
Nash Motor Co.	112	80¼	118⅞	40	58½	45⅝	49½	6
National Biscuit	195¼	159½	236⅝	140	91½	71	89	2.80
National Cash Register A	104⅜	47¼	148⅜	59	83½	59½	60	4
National Dairy Prod.	133½	64½	86½	36	58½	45¼	57⅝	2
National Lead	136	115	310	129¼	189½	137	153½	3
National Power & Light	46⅝	21⅞	71⅝	23	56½	32	54	1
Nevada Consol. Copper	42⅜	17⅜	62⅞	23¼	32⅜	23	23	3
North American Co.	97	58⅝	186⅝	66½	132⅞	93⅜	125⅝	..
O								
Otis Elevator	263½	147½	55	22¼	80⅝	70¼	75	2½
Otis Steel	40½	10½	55	23¼	38⅞	30½	33⅜	2½
P								
Pacific Gas & Electric	56½	45½	98⅝	43	74⅞	52½	70	2
Pacific Lighting	85⅜	60	146½	58¼	107⅞	72	102⅞	3
Packard Motor Car	163	56¼	32½	13	23⅜	15⅝	20⅜	1
Paramount Publix	56⅝	47¼	75½	35	77¼	48⅝	73	4
Penney (J. C.)	..	..	105¼	66	80	63	68	3
Phillips Petroleum	58⅞	35¼	47	24¼	41⅞	29½	39⅝	2
Prairie Oil & Gas	66⅝	50½	65⅝	40½	54	45	49	2
Prairie Pipe Line	..	..	65	45	60	54½	55¼	5
Public Service of N. J	88½	41½	137⅞	54	128⅜	81½	116⅜	3.40
Pullman, Inc.	94	77⅞	99¼	73	89⅜	81½	82	4
Pure Oil	31¼	19	30⅜	20	27½	21½	25⅜	1½
Purity Bakeries	139⅝	75	148⅝	55	88⅞	73	75¼	4
R								
Radio Corp. of America	420	85¼	114⅝	26	68	34⅝	67⅝	..
Remington-Rand	36½	23¼	57⅞	20⅝	46½	25⅝	42⅝	1.60
Republic Iron & Steel	94½	49½	146¼	62¼	79½	75¼	75⅝	..
Reynolds (R. J.) Tob. Cl. B	165½	126	66	39	58⅝	49½	53⅝	3
Richfield Oil of Calif	56	28½	49⅝	20	28¼	22¼	26⅝	2
Royal Dutch	64	44⅝	64	43½	56½	49¼	54½	3.20
S								
Safeway Stores	201⅜	171	195¼	90½	122⅝	93¼	98¼	5
Schulte Retail Stores	67½	35¾	41½	3½	13½	4¼	9½	..
Sears, Roebuck & Co.	197½	82¼	181	80	100⅝	81½	91½	2½
Shell Union Oil	30⅝	23¼	31¾	19	25½	21	24¼	1.40
Simmons Co.	101⅜	55⅜	188	59½	94⅞	43⅝	49½	3
Sinclair Consol. Oil Corp.	46⅜	17⅜	45	21	32	21⅝	30⅝	2
Skelly Oil Corp.	42⅝	25	46½	28	42	28⅞	41	2
Standard Brands	..	..	44¾	20	29¼	22⅜	25⅞	1½
Standard Gas & Elec. Co.	84⅝	57⅞	243⅜	73½	129¼	109⅜	124⅜	3½
Standard Oil of Calif.	80	58	81⅞	51½	73¾	55½	71⅝	2½
Standard Oil of N. J	59⅜	37⅜	83	48	80⅜	58	78⅜	2
Standard Oil of N. Y.	45½	28¾	48½	31⅜	38⅝	31¼	36⅜	1.60
Sterling Securities, A	..	..	33	3¼	20½	10½	18¾	..
Stewart-Warner Speedometer	128½	77½	77	30	47	33	43	3½
Stone & Webster	..	..	201½	64	113⅜	77	107½	4
Studebaker Corp.	87½	57	98	38¼	47¼	40	40½	5
T								
Texas Corp.	74¾	50	71⅞	50	59⅜	50⅞	57⅞	3
Texas Gulf Sulphur	82½	62½	85½	42½	67⅜	64⅞	63¼	4
Texas Pacific Coal & Oil	26⅝	12¼	23⅞	9½	14½	8⅞	11⅞	..
Tide Water Assoc. Oil	25	14⅜	23½	10	17⅜	10⅜	16¼	.60
Timken Roller Bearing	154	112⅜	139⅝	58½	89¼	70⅝	84¼	3
Transcontinental Oil	14½	6⅝	15¼	5½	22⅞	16¼	22⅞	.20
U								
Underwood-Elliott-Fisher	96⅝	65	161¾	63	138	97¼	115⅝	5
Union Carbide & Carbon	209	136½	140	59	106⅝	76	100⅜	2.60
United Aircraft & Trans.	..	..	162	31	99	42½	88½	..
United Cigar Stores	84⅝	82⅞	37⅞	3	9	4	7	..
United Corp.	..	..	75½	19	50⅝	30½	48	..
United Fruit	146	131½	158½	99	106	86½	94¼	4
United Gas Imp.	..	..	59⅝	22	48⅝	31⅝	46⅜	1.20
U. S. Pipe & Foundry	53	33	243⅝	95	38¼	18½	35½	2
U. S. Industrial Alcohol	138	102½	85⅞	12	139⅝	88⅛	91⅝	7
U. S. Realty	93⅝	61¼	119½	50½	75½	60	69⅝	5
U. S. Rubber	65¼	27	65	15	35	21½	32	..
U. S. Smelting, Ref. & Mining	71½	39½	72⅞	29⅞	30½	29	31½	3½
U. S. Steel Corp.	172½	138⅜	261¾	150	198⅜	166	192	7
V								
Vanadium Corp.	111½	60	116½	37½	142⅜	49⅝	138⅛	4
W								
Warner Brothers Pictures	139¼	80⅞	64½	30	80¼	38⅝	74	4
Western Union Tel.	201	139½	272¼	155	219⅜	177	186	8
Westinghouse Air Brake	57⅞	42½	67⅞	26½	52	43⅝	45	2
Westinghouse Elec. & Mfg.	144	88½	292⅝	100	201½	140	195¼	5
White Motor	43⅜	30½	53½	27¼	43	31	40	2
Willys-Overland	33	17⅜	35	5¼	11	7½	9	..
Woolworth Co. (F. W.)	225⅝	175½	103⅞	52⅛	72⅜	58⅜	65½	2.40
Worthington Pump & Mach	55	28	137⅞	43	146½	67¼	144	..
Y								
Youngstown Sheet & Tube	115⅝	83½	148	91	150¼	108	133	5

* Ex-dividend. † Bid Price. § Script.

Securities Analyzed, Rated and Mentioned in This Issue

Industrials

Bonds

Petroleum

Mining

Railroads

Public Utilities

Important Corp. Meetings

Company	Specification	Date of Meeting
Alleghany Corp.	Directors	5-7
Allis Chalmers	Directors	5-8
Am. Lt. & Traction	Special	5-5
Am. Rolling Mill	Directors	5-15
Amer. Snuff	Directors	5-6
Amerada Corp.	Directors	5-5
Canadian Pacific Ry.	Directors	5-7
Chesapeake Corp.	Directors	5-7
C. M., St. P. & Pacific R.R.	Directors	5-13
Chicago Yellow Cab	Directors	5-13
Collins & Aikman	Directors	5-5
Col. & Southern Ry.	Directors	5-15
Goodrich	Directors	5-7
Grandby Consol.	Directors	5-6
Great Northern Ry.	Directors	5-8
Great Western Sugar	Directors	5-14
Hahn Dept. Stores	Directors	5-5
Insuranshares Corp.	Directors	5-8
Inter. Harvester	Directors	5-8
Inter. Tel. & Tel.	Directors	5-14
Jordan Motors	Annual	5-12
Kansas City Southern	Annual	5-13
Kennecott	Directors	5-6
Magma Copper	Directors	5-12
Missouri Pacific	Directors	5-13
Nat. Bellas Hess	Directors	5-6
N. Y., Chi. & St. L. R. R.	Directors	5-7
Norfolk Southern R. R.	Directors	5-14
Pierce Petroleum	Directors	5-6
Pittsburg & West Va.	Directors	5-5
Postal Tel. & Cable	Directors	5-14
Radio Corp.	Special	5-6
St. L., San Francisco Ry.	Directors	5-13
Seaboard Airline	Special	5-9
Shell Union Oil	Directors	5-15
Texas & Pacific Ry.	Directors	5-14
Tide Water Oil	Directors	5-7
Union Pacific	Directors	5-13
United Gas Imp.	Directors	5-5
Warner Quinlan	Directors	5-5

(*Continued from page* 52)

alone is equivalent to approximately $22.50 per share on American Light & Traction's common stock, but present market value is much in excess of this figure. The second factor is that the new developments and expansion outlined in the foregoing portend a large expansion in the company's operating income. The dividend on the new stock will probably be at the rate of $2.50 per annum and while the immediate income return to the holder at current price for the stock is slightly less than 3%, the appreciation possibilities offered over a reasonable period make the stock a decidedly attractive holding.

Profitable Intermediate Swings in the Stock Market

(*Continued from page* 21)

followed within about a month by a decline in the averages. But the lower the interest rate the longer does it take for the market to respond to a declining rate of steel ingot output.

5. The five technical reactions prior to May of 1928—namely in October, 1926; March, 1927; June, 1927; October, 1927; and February, 1928—were of small proportions and short in duration, because call money throughout this period did not rise above 6%.

6. When call money is cheap, the averages respond more quickly to a recovery in the rate of steel ingot production than when call money is dear.

Diagnosing the Technical Condition

To form a correct estimate of the market's technical condition is one of the most important and yet the most difficult of all forecasting problems. By "technical condition" is meant the market's sensitiveness to adverse influences. It all depends upon who owns the stock. Is it in weak or strong hands? If an abnormally large amount of stock is being carried on thin margin, or by people who are easily influenced to sell out, the market's technical condition is weak and a decline is imminent. The technical condition is strong, on the other hand, and an early reaction unlikely, so long as more than an average amount of stock is owned outright or held by people who are not easily influenced to throw their holdings on the market. The situation has to be judged by indirect evidence. The size of brokers' loans may be taken as a rough measure of the total amount of stock that is being carried on margin. When brokers' loans rise very rapidly it is generally held to indicate that stocks have been passing from strong to weak hands and that the technical condition has been correspondingly weakened.

Pools, big market operators, and other wealthy speculators have to wait for a time when the public is buying heavily to dispose of their stock, so that an abnormally large volume of transactions is also considered an indication of distribution which weakens the technical position.

The market's response to news frequently offers a valuable clue to its technical condition. If the market declines on good news, or even fails to advance, the technical condition is at least not strong; and if prices rise, or even refuse to decline, on bad news the technical condition is probably strong.

Valuable clues to the technical position can be obtained from reports on margin requirements and the prices at which banks are accepting collateral in the loan envelope. When the market is honeycombed with stop orders, and brokers are advising customers to take profits and lighten their load, when margin requirements are being raised and the banks are writing down the loan value of collateral, the technical position is weakening and a decline of some proportions may occur in the near future.

Movements in Group Indexes and in Individual Stocks

It is of course obvious that the general market exerts great influence upon the movements of its component groups, and it is essential to give major consideration to the movements of the Combined Average, nevertheless, it will be found that the various group indexes are also governed by special economic barometers described in an article, "Forecasting the Turning Points," which appeared in the issue of April 19th. Movements in individual stocks can best be forecast with the aid of technical position studies which will be discussed in a future article of this series.

Trade Tendencies

(*Continued from page* 44)

tially because of the tardiness of seasonable weather in making an appearance and partially because of the scarcity of mortgage money; but the sharp advance reported in March contracts is hailed as an augury of better business in the offing.

In January and February, building contracts lagged 17% below totals for the previous year according to reports

FURTHER BEAR MARKET AHEAD?

Since the October-November, 1929, "collapse," the stock market has regained 50% of its entire loss.

Volume of transactions, which fell to around 2,000,000 shares daily in January, have risen to between 4,000,000 to 6,000,000 shares. Brokerage loans, which declined so drastically in the 1929 debacle, have increased over $500,000,000 since early March.

All bear movements have recoveries of similar proportion—with increasing activity and public participation. A rally of 50% of the loss experienced in the fall of 1919 was seen in the spring of 1920; a similar rally from the decline in the spring and summer of 1923 was seen in the fall. But— *both movements were followed by renewed liquidation* and new low prices.

WHAT'S AHEAD NOW?

Does this rapid increase in brokerage loans, accompanied, as it has been, by an average daily volume of close to 5,000,000 shares, indicate the culmination of the usual 50% rally in a bear movement? Does renewed public participation on such a scale spell immediate danger and early renewal of the bear movement?

Or, with money rates still 4% and lower, and with the outlook for improvement, rather than further material decline, in business activity, has the basis actually been laid for a continued bull movement, such as in 1926 and again in 1928? Does the mixed character of the market still afford attractive buying opportunities? *Are new market leaders in process of forming?*

These questions are discussed, in an impartial and unbiased manner, definite conclusions drawn and specific recommendations given to take advantage of the current situation, in our latest Advisory Bulletin. It should be of much value to all investors, AT THIS PARTICULAR TIME.

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published by F. W. Dodge Corporation. In March, however, contracts awarded jumped to the highest figures recorded since last August, gained 45% over the preceding month and were only 5% below the corresponding month a year ago. On analysis, and compared with corresponding percentages for last year, it may be seen that the character of building activity has undergone a decided change.

F. W. Dodge Report of March
Contracts Awarded

	1930	1929
Public Works and Utilities	23%	15%
Residential	22	41
Commercial	17	16
Industrial	16	12

The outstanding features of the preceding table are the decline of residential construction from 41% of the total in March, 1929, to 22% in 1930 and the sharp increase of the "public works and utilities" category from 15% to 23% in the same period. It may also be seen that the only retarding factor in the building field is the residential branch, all other classes are showing comparative increases. The reasons for decrease in the residential field are twofold. Overbuilt housing conditions in certain sections of the country resulting from the heavy construction of 1928 tend to act as a drag on housing demand and the extreme scarcity of mortgage money which had its origin in heavy interest rates prevalent last year has made financing of building projects increasingly difficult. The first factor can only be relieved by growth in population or by deterioration of buildings, both processes that offer slow relief. The rapidly growing popularity of apartments as opposed to one or two family dwellings, however, holds opportunity of diversification in the field. The second element, scarce mortgage money, is gradually yielding to the soft money rates that have generally prevailed since the collapse of security markets last Fall. The process of investment shift from securities and business enterprise is an extended one, however, and at the present time is impeded by the difficulty being experienced by banks and other loan media in liquidating "frozen" real estate assets already on their hands. It will be several months at least before real estate loans become plentiful enough to be heavily reflected in building totals.

The gains noted in public works and in utility construction are directly traceable to the extensive construction projects sponsored by Federal, state and municipal governments and to the rapidly growing phase the utility group has entered. The stimulus public construction has received should be enough to carry it through the next several months. It has been said that the recent high price of copper has been deterring utility construction; if this assumption is true, current lower levels for the red metal should soon bring about increased operations in this field.

Of commercial and industrial building there is little to say except that activity in these lines will be dependent on the extent of the immediate revival of trade and industry. Excessive construction in these directions at the present time would be an unwise use of funds that might more profitably be employed in other manners.

The current trend seems to point to a gradual gain in construction through the Spring and Summer with an increasing amount of residential work strengthening the structure as the momentum afforded by heavy public building wears down. For the year as a whole, it seems likely that operations in the latter part will more than compensate for the dullness experienced in the opening months. They must, if the estimates currently being made by the Department of Commerce of an eleven billion dollar building year are to be fulfilled.

Answers to Inquiries

(*Continued from page 46*)

curities, the results achieved during the past year are entirely satisfactory. Moreover, the company's position in this respect has undoubtedly been improved by the recent market advance and we see no reason to recommend any change in your holdings.

CONDE NAST PUBLICATIONS

How do you rate Conde Nast common at this time? I hold 50 shares which cost me 79 early last year. In view of the keen competition in this field, and the apparent lower earnings trend in 1929 as compared with 1928, I have been thinking of selling my stock even at the severe loss I would be forced to take. What is your opinion? —B. S. R.—Greenwich, Conn.

The steady expansion of business, not only in the development of publications, but in the growth of other departments, such as patterns and printing, and the improved methods of manufacturing, economies resulting from larger operations and elimination of non-recurring losses have placed Conde Nast Publications, Inc., in a strong position in the publishing field. Present organization prints and publishes "Vogue," "Vanity Fair," "House and Garden," "Vogue Patterns," the Conde Nast Press magazines, and through foreign subsidiaries, publishes "French Vogue," "English Vogue" and

$41,294,000

Southern Pacific Company

Oregon Lines First Mortgage 4½% Bonds, Series "A"

Due March 1, 1977

Coupon bonds in denomination of $1,000 registerable as to principal and exchangeable for fully registered bonds. Registered and coupon bonds interchangeable upon conditions as stated in the indenture. Interest payable March 1 and September 1.

GUARANTY TRUST COMPANY OF NEW YORK, Trustee.

Redeemable as a whole, but not in part, on any interest date, at the option of the Company, upon sixty days' notice, at 105% and accrued interest, up to and including March 1, 1972, and thereafter at their principal amount plus a premium equal to ½% for each six months between the redemption date and the date of maturity.

The sale of these Bonds is subject to the approval of the Interstate Commerce Commission.

We are advised that these bonds are a legal investment for savings banks in the States of New York, New Jersey, Connecticut and in other States.

For further information regarding the Company and this issue of Bonds, reference is made to a letter dated April 15, 1930, from Henry W. de Forest, Esq., Chairman of the Board of Directors of the Southern Pacific Company, copies of which may be obtained from the undersigned and from which the following is quoted:

"These bonds are to be issued under the Oregon Lines First Mortgage of the Company, dated March 1, 1927, and will be secured by a direct first lien on all the lines of railroad (other than street railway lines) owned by the Company in the State of Oregon, aggregating approximately 1,151.73 miles, including part of the Company's main line from San Francisco to Portland, and on appurtenances of said lines of railroad, as provided in the indenture. The mortgage will also be a lien, subject to certain equipment trust obligations, on equipment having a depreciated book value as of December 31, 1929, of $10,977,741.12, and on all property hereafter acquired by use of any of the bonds or their proceeds pursuant to the terms of the indenture.

The proceeds of the sale of these bonds are being used to reimburse the treasury of the Company for capital expenditures heretofore made for the acquisition of properties subject to the Oregon Lines First Mortgage, or for additions and betterments thereto.

The total authorized amount of the Oregon Lines First Mortgage Bonds is limited to $100,000,000 principal amount, at any one time outstanding. Upon the purchase of the bonds by you, there will be outstanding in the hands of the public $61,294,000 Series "A" 4½% Bonds. The balance of the authorized amount may be issued from time to time for the construction or acquisition of additional lines of railroad, extensions, branches and additional main track; for refunding underlying liens on after-acquired properties; and for additions and betterments to the properties covered by the mortgage.

The Southern Pacific Company has paid dividends on its capital stock uninterruptedly since 1906. It has at present outstanding $372,381,806 of common capital stock, on which dividends are being paid at the rate of 6% per annum. The net income of the Company and all its wholly controlled affiliated companies, for the year ended December 31, 1929, after deducting all charges, amounted to $48,360,783, which is equivalent to 12.99 per cent on the capital stock of the Company outstanding during the year.

Application will be made in due course to list these bonds on the New York Stock Exchange."

THE UNDERSIGNED WILL RECEIVE SUBSCRIPTIONS FOR THE ABOVE BONDS, SUBJECT TO ALLOTMENT, AT 97½% AND ACCRUED INTEREST TO DATE OF DELIVERY, TO YIELD 4.63% TO MATURITY.

The undersigned reserve the right to close the subscription at any time without notice, to reject any application, to allot a smaller amount than applied for and to make allotments in their uncontrolled discretion.

The above bonds are offered if, when and as issued and received by the undersigned and subject to the approval by the Interstate Commerce Commission of their sale to the undersigned and to the approval by their counsel of all legal proceedings in connection with the issue and sale thereof. Temporary bonds will be delivered against payment in New York funds for bonds allotted, which temporary bonds will be exchangeable for definitive bonds when prepared.

Kuhn, Loeb & Co.

New York, April 16, 1930.

"Jardin des Modes." Circulation of the combined publications is close to 8,500,000 copies annually. A steady rise of income has been experienced since 1922, with the 1928 year surpassing all previous records. Net for the year ended December 31, 1929, declined slightly to $1,345,653, after interest, depreciation, federal taxes, of $1,425,076, equivalent to $4.43 a share on 320,000 no par shares of common stock. This compares with net of $1,425,076, equivalent to $5.43 a share in 1928. The elimination, during 1929 of the company's German plants was expensive, and expansion costs further cut into earnings. Experimentation during the past few years, in conjunction with a paper producing concern having a new and less costly method of manufacturing coated paper, has resulted in the cancellation of old contracts, which is expected to effect a saving in paper costs of about $175,000 in 1930. An advertising rate increase should also have its full effect this year. Looking ahead, while it appears that somewhat further slight earnings decline may be witnessed in the near future, the longer term outlook is favorable and preliminary estimates place earnings at approximately $5.50 a share for 1930. Although there is little basis for anticipating any marked price appreciation during the next few months, retention of present holdings should eventually prove profitable.

GENERAL MILLS, INC.

Will you please let me have your analysis of the outlook for General Mills common? Early last year I paid 85 for 25 shares. Do you think it advisable to average now around 52?—C. H. J., Danville, Va.

General Mills, Inc., was formed in 1928 as a consolidation of five milling companies and has since acquired several additional units. During 1929, acquisition was concluded of the business and assets of the Sperry Flour Co. and Larrowe Milling Co., the latter company an important manufacturer of cattle and poultry feed. These additions have conveyed General Mills rapidly to the fore and at the present time properties consist of twenty flour mills, nine feed mills, two cereal plants and a number of country elevators strategically located in principal grain producing sections. Although flour manufacture is the backbone of the enterprise, such specialties as cattle and poultry feed, breakfast cereal and cake and pancake flour, upon which the margin of profit is greater, lend themselves favorably to sales development and it is not unlikely that future profits from this source will be larger. The company has no funded debt, capitalization consisting solely of 220,252 shares of 6% cumulative preferred stock, $100 par value, and 675,096 shares of no par common stock. Earnings for the fiscal year ended May 31st, 1929, showed net income equivalent to $4.58 a share on the common outstanding at that date, although on the basis of average number of shares outstanding during the period, profits amounted to $7.16 a share. The consolidation seems to be working out satisfactorily and while it is difficult to estimate earnings for the year to end May 31st, next, in view of the fact that no interim statements are published, per share returns are expected to compare favorably. On this basis, the shares at existing levels appear reasonably priced and we would counsel further retention. However, we believe it advisable to defer fresh commitments until some definite evidence of current earnings is available.

FOX FILM CORP.

I would greatly appreciate your detailed and unbiased outlook for Fox Film A, taking into consideration the latest developments and those impending at this time. What are the dividend prospects? My holdings consist of 50 shares bought at 94. Would you recommend averaging between 45 and 50?—L. H., Bayonne, N. J.

With the exception of one or two law suits, the difficulties of the Fox Film Corp. are near settlement and will bring to an end one of the most bitterly fought and important contests of a financial nature that has been witnessed in years. Barring minor legal technicalities the way is now clear for the normal operation of one of the largest companies in the amusement group. The negotiations which resulted in the sale of William Fox's holdings of the class B voting stock, for the reported price of $18,000,000 to interests identified with General Theatres Equipment, Inc., will probably result in a merger of the four companies involved, Fox Film Corp., Fox Theatres Corp., Loew's, Inc., and General Theatres Equipment, although this will undoubtedly be postponed for the present. The initial public financing whereby General Theatres acquires Fox Film and Fox Theatres consists of $30,000,000 ten-year 6% convertible debentures. Proceeds from this source will provide in part, the funds required by the company to cover its obligations in connection with the purchase of 50,101 shares of class B common stock and not less than 1,000,000 shares of the Class A common stock of the Fox Film Corp. as well as all the outstanding shares of Class B common stock of Fox Theatres Corp. The purchase will be of considerable advantage to General Theatres since the company will be in a position to install its equipment and apparatus

for projecting pictures on the wide screen in all of the Fox and Loew's theatres. Any estimate of the earnings of the Fox companies this year and of the amount available for the new capital stock can be only conjecture at present, in view of the many complications involved and the probable heavy expenses that must be deducted from current operations. In the first two months of the current year it was officially stated that net profit was about $3,000,000 and that gross business was running nearly 25% ahead of last year with net for the full year likely to be 20% ahead of $9,469,050 earned in 1929. In other words, earnings are running at a rate of about $12,000,000 for 1930. On this basis it is likely the per share returns would amount to roughly $4 a share. Dividends have been paid at the rate of $4 annually in cash but the last payment was made at the same rate in dividend certificates which are redeemable, plus 6% interest, on or before January 15th next. It is extremely difficult to predict accurately the action that directors may take regarding future dividend payments, but it is not unlikely that they may be somewhat smaller and in keeping with the larger capitalization. The present price of the class A shares must be regarded as partly based upon future potentialities, which may take some time to develop but the long range outlook is such that stockholders willing to assume a speculative risk should be adequately rewarded. For the present, however, we would be inclined to defer additional commitments.

GENERAL CIGAR CO.

My broker tells me that General Cigar common has a very good chance of reaching 100 this year. He bases his prediction on the progress which the company has made in the mechanization of its production and its substantial earnings for last year. I contemplate buying 50 shares if you approve of such a commitment. Why is this stock selling at only 7 times its 1929 earnings and yielding almost 7%? Is there anything fundamentally wrong?—R. L. W., Elmira, N. Y.

The General Cigar Co. produced 17% more cigars last year than in 1928 and since the output gain by all cigar manufacturers in the country in 1929 was only 1.52% this company's rate of gain was more than 11 times as fast as the increase in the entire industry. Earnings last year equalled $8.06 per share on 489,084 shares of common stock, against $6.84 a share on 407,570 shares in the preceding year, a gain of about 36%. Production figures indicate clearly that the profit increase in 1929 was due to a higher rate of operations, and was not the result of expense trimming. The downtrend in

cigar consumption evidenced in recent years but which was halted in 1929 was resumed in January of this year when consumption declined 2.06% from the figure for the similar month of 1929. However, the outlook for the industry is for a period similar to 1929, with greater profits going to such strongly situated companies as General Cigar. The company recently completed the installation of the last 24 of a total of 124 cigar making machines in its Binghamton, N. Y., plant, which has an ultimate capacity of 2,500,000 cigars weekly. Economies may now be looked for, and this factor, together with increased output, warrants a constructive attitude. The stock seems suitable for purchase for medium or longer term retention by the investor willing and able to assume a reasonable business man's risk.

LAMBERT CO.

Last August I paid 144 for 20 shares of Lambert. Its comparatively narrow trading range and slight recovery so far this year has proved very disappointing to me. I assume the rumored split-up has also been put off until some distant time. Would you advise that I continue to hold this stock?—L. F. T., Fort Wayne, Ind.

A comparison of the per share earnings of the Lambert Co. in 1929 with 1922 clearly indicates the rapid strides made by this well managed enterprise. The earnings for 1929 were equivalent to $10.04 per share of common stock and represented an increase of 12.6% over 1928, as compared with per share results of 99 cents in 1927, which in turn exceeded 1921 net by more than 64%. While the percentage gain last year was the smallest since 1927 the actual increase in earnings has been exceded but three times in the past eight years. The company doubled its earnings, biennially from 1921 to 1928. The Lambert Co. is a holding organization, owning practically the entire capital stock of the Lambert Pharmacal Co., manufacturer of "Listerine" toothpaste, shaving cream, etc. A wholly owned advertising agency conducts the campaign of Lambert Pharmacal Co., which has built up the good will of the organization. While this is the most important asset of the company, it is carried on the books at the conservative sum of $1. The slump in the stock market late in 1929 ended, temporarily the discussion of a stock split, but such action may be taken this year in view of the wider distribution of stock which would result. While 1930 earnings trend has been slightly lower, the stock affords a good yield from the regular annual dividend of $8 a share and the shares seem suitably adapted for gradual appreciation in value over

MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 30 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Friday, April 11	88.73	292.65	154.33	244.49	240.08	5,626,630
Saturday, April 12	88.70	293.43	154.04	243.20	240.29	2,119,160
Monday, April 14	88.57	293.18	153.43	244.61	240.31	4,149,530
Tuesday, April 15	88.34	293.26	152.65	244.28	239.90	4,218,550
Wednesday, April 16	88.18	292.20	151.93	244.34	239.43	4,397,660
Thursday, April 17	88.14	294.07	152.08	243.15	239.31	3,942,560
Friday, April 18	HOLIDAY—EXCHANGE CLOSED					
Saturday, April 19						
Monday, April 21	88.05	288.23	150.96	242.45	236.43	4,491,600
Tuesday, April 22	88.02	290.01	150.61	239.93	234.17	4,589,090
Wednesday, April 23	87.99	288.78	150.38	241.64	237.35	5,568,610
Thursday, April 24	87.84	286.18	150.30	239.90	235.54	5,232,640
Friday, April 25	87.94	285.76	149.85	238.83	234.92	4,725,940

the longer term. We counsel further retention.

PARAMOUNT FAMOUS LASKY

Do you think that the current market price of Paramount Famous Lasky stock has discounted its nearby prospects? I paid 72 for 50 shares last October, but failed to take the profit I could have had in March. Shall I sell now while I can get out about even?—M. H. O., Pensacola, Fla.

With 65 new feature pictures to be produced in the current year, the largest number yet undertaken by Paramount Famous Lasky Corp. in one year, and first quarter earnings estimated to have shown an 86% gain over the net for the initial three months of 1929, the outlook is for a continual uptrend of profits. The company passed through the best 12 months of its history in 1929 with earnings equalling $6.36 a share on the average common shares outstanding, a gain of 78% over the 1928 net, which was equivalent to $4.22 a share on a smaller capitalization. In addition to the $15,554,544 earnings last year, a non-recurring profit of approximately $3,000,000 on the sale of Canadian investments was added to the company's general reserve for contingencies. A strong financial position was shown in the balance sheet issued at the close of 1929, with current assets totalling $37,053,395 against which were current liabilities of $14,960,683 leaving an indicated net working capital of $22,092,712. Surplus amounted to $26,764,025, a gain of more than $8,000,000 in the year. Events of the past have shown that earnings of such amusement enterprises as Paramount Famous are not adversely affected by business recessions and we consider the stock a desirable medium for retention over a period of a year or more.

ALLIS-CHALMERS MANUFACTURING CO.

Allis-Chalmers common has been recommended to me for investment by a conservative house, but I would like to receive your advice before I buy. What are the nearby possibilities of this company?—G. R. H., Clinton, Iowa.

With orders received by the Allis-Chalmers Manufacturing Co. in the first quarter of the current year totalling $14,662,000 a gain of 9.5% over the amount for the initial three months of 1929, and the company in a highly favorable trade position the outlook is for further expansion of profits. Unfilled orders on hand March 31st, 1930, aggregated $15,554,000 an increase of 20% in bookings over the corresponding date of the past year. The earnings trend of the company has been upward since 1929, with last year's results highly satisfactory. The net for the 12 months ended December 31st, 1929, was equivalent to $3.81 per share on 1,136,000 shares outstanding, as compared with $2.82 a share in 1928 on an adjusted basis. Diversity of output has played a most important role in bringing about the stability of earnings shown over a number of years. Allis-Chalmers produces a varied line of heavy machinery and electrical equipment, including tractors and farm machinery. A new lightweight model tractor, which now is in quantity production, has been favorably received, and the company reports that it can sell all the tractors it can produce this year. While the shares are not outstandingly undervalued at this time, we are of the opinion that they have attraction for those willing to purchase for longer term retention.

HUMBLE OIL CO.

Has the current market price of around 115 for Humble Oil common discounted the recent advances in crude oil price? Thanks to your recommendation last January I held on to my 100 shares when this stock sold as low as 78 and I had a loss of close to $2,000. Now I have a nice profit and am wondering whether to take it. You may be sure, however, that I shall be guided by your excellent advice in the matter.—M. T. W., Houston, Texas.

Operating under control of the Standard Oil Co. of New Jersey, the Humble Oil Co. has been one of the fastest growing oil organizations for the past several years, with 1929 earnings totalling $32,535,080 or the equivalent of $10.93 per share as against $19,277,145 or $6.50 a share on a slightly smaller capitalization in the preceding year. The company follows a most conservative policy, writing off liberal amounts for reserves. Sales of $199,357,303 represented an increase of about 17% over sales for 1928. The large gain in net last year was chiefly the result of increased producing and pipe line activities and the receipt of $2,500,000 from sale of properties located in Oklahoma, Arkansas and Northern Louisiana. Humble Oil controls large natural gas properties and a plant for producing gasoline under hydrogenation process will be completed this year, both of which branches are expected to be favorable factors for the future of the company. The recent advance in prices of crude oil instituted by Humble Oil and followed by other companies does not appear to have been discounted at current levels for the stock, and in view of the inherent strength of the company, we would be inclined to suggest retention over the longer term for enhancement in value.

The Machine Turns On Its Master

(*Continued from page* 11)

markets that has come in many lines in the last five years, the over-development of new industries and the exhaustion of the field, for the time being at least, of the introduction of new industries on anything like the spectacular scale of the expansion of the automotive, moving picture, radio and electric industries in the recent past, the tide has changed. The machine is now increasingly building up a surplus of labor and a deficit of employment.

While it is not technological, as not being due to new machinery and improved processes, the unemployment resulting from consolidations and mergers and the replacement of independent units by actual or near national monopolies, by the growth of great centralized corporations, horizontal and perpendicular fusions or affiliations has caused an important, if not numerically large, displacement of salaried employes. The white-collar class, even in its highest tiers, no longer looks with smug indifference on the wage earner who has been displaced by progress as a deplorable but necessary sacrifice to progress. Progress is now ruthlessly sacrificing it. The type of progress that menaces this group is not merely the elimination of employment but the reduction of salary. The labor group tenaciously maintains its rate of pay, even increases it, as jobs dwindle in number, but even high-power executives find salary cuts confronting them even if they retain their places following mergers. The physical machine displaces hand labor, the business machine displaces brains. It takes a big man successfully to conduct a small bank, the talents of a clerk are enough for it when it becomes a branch. A few bigger and better jobs at the top and center, filled by extraordinary men, result from consolidations; but the tendency is distinctly to lower the type of minor executives, repress their initiative, curb their authority and convert them from leaders to cautious place holders.

A curious phase of mechanization is the liberal attitude toward it of organized labor in the United States. This is due not only to the acceptance of the philosophy that in the long run increased production means an increased share of returns for labor, inasmuch as wages are derived from product, but to the realization that the unbending refusal ever to accept a decrease in the wage rate once it has been advanced is a cause of the rapid progress in mechanization. Confronted by a payroll that cannot be reduced by lower rates of pay, the management of industry is driven to meet competition and the urge of lower product prices, in order to increase output, by reducing the number of employes by the increased productivity of those retained. Labor unions, therefore, are actually taking employment away from their members.

But now that the robots are rolling up a permanent surplus of labor, a perpetual roll of unemployment, organized labor is beginning to worry. It is not changing its enlightened attitude toward the machine but it is insisting that its profits must be divided with labor, that wages must go up and working time down. This is also the way to cure business depression, it argues, for longer payrolls at higher rates, mean increased buying power, increased capacity to absorb the mounting production of the machines.

The cotton gin made American history for a hundred years. Who can tell what the legion of new machines may write into history yet unfolded?

Should I Name a Bank or My Insurance Company to Distribute My Insurance Proceeds?

(*Continued from page* 41)

which pretty much shuts off this branch of its banking service from persons having less than $100,000 of life insurance. They advise that where the total insurance falls far short of $100,000, it is better that the insured avail himself of the settlement options provided by the insurance companies. Of course the number of persons who have insured their lives for $100,000 and over, is increasing steadily; and this particular bank evidently secures sufficient trust business from this more well-to-do class.

However, the bulk of the insurance buyers of America are not wealthy. The insured who is earning around $4,000 or $5,000 per year and has in the neighborhood of $25,000 or $30,000 insurance, needs this new service of the bank in his community, as much if not more than this infinitely smaller circle of workers with $100,000 upwards; and most of the banks with trust powers recognize this fact.

In conclusion, let it be said that there is no conflict between the life insurance companies and the trust companies. The former is interested in the creation of estates, to the extent of an ever-increasing volume of insurance, a little more directly than in the methods of conserving and distributing the proceeds. The trust company is highly favorable to the creation of life insurance estates, as a result of which it is no doubt directly instrumental in assisting the insurance companies to underwrite millions of additional insurance, but the trust companies are of course primarily interested in the administration of the funds, for which job they are admirably and expressly equipped.

A combination of the services of the two agencies is not to be scoffed at. The young and middle aged man can with a given amount of money, guarantee a larger monthly income for the lifetime of his wife, through the life income policies of the insurance companies, than can be accomplished in any other way. The other part of his life insurance should then be payable to a trust company to provide the additional income required, and to meet the uncertainties of the future.

Who Owns the Railroads?

(*Continued from page* 16)

try to form one large company which will take over all the railroads in the East that it controls and those in the West, notably Missouri Pacific and Kansas City Southern, into which it has bought within the last year or two.

It is pointed out that such an undertaking would not only be impractical but also unnecessary. Through their present holding companies they can not only control the affairs of the individual railroads into which the holding companies have bought, but can establish a virtual trans-continental system. As the Van Sweringens have shown, in the diverting of traffic from the Chesapeake & Ohio to the Pere Marquette and from the Pere Marquette to the Erie, they can control traffic all the way across the continent by directing the necessary exchange at connecting points between the railroads that they control through their holding companies. As already shown, here in the East at least, they would control the collection and distribution of traffic to a considerable extent as well.

Still a Minority

While through these holding companies and various kinds of securities companies ownership of railroad stocks has been centralized to a greater extent than ever before, it should not be forgotten that in nearly all of the railroads into which the holding companies have bought

To Holders of Certain Securities of

UNITED GAS COMPANY
HOUSTON GULF GAS COMPANY
SOUTHERN GAS COMPANY
DIXIE GULF GAS COMPANY
DIXIE GAS AND UTILITIES COMPANY
SOUTHERN GAS UTILITIES, INC.
SOUTH TEXAS GAS COMPANY
THE PALMER CORPORATION OF LOUISIANA

Your attention is called to the fact that deposits of securities to be exchanged for securities of the new United Gas Corporation under the announced Plan and Agreement of Reorganization should be made on or before May 1.

Copies of the Plan setting forth in detail the terms of exchange of securities and giving other information may be obtained at the offices of the Depositaries.

The New Corporation at the time the Plan becomes, or is declared, operative will have a corporate structure under which it will be entitled initially to issue:

(a) A Series of $7 Preferred Stock, cumulative, non-voting, callable at $110;

(b) $7 Second Preferred Stock, cumulative, each share to be entitled to three votes, callable at $110.

(c) Common stock, each share to be entitled to one vote;

(d) Option Warrants, unlimited as to time, each such warrant entitling the holder thereof to purchase one share of Common Stock of the New Corporation at the price of $33.33-1/3 per share cash; the New Corporation to accept one share of its $7 Second Preferred Stock at $100 in making such payment for three shares of its Common Stock.

All stocks are to be without par value.

Electric Power & Light Corporation agrees that as and when the Plan by its terms becomes, or is by the New Corporation declared, operative, it will deliver or cause the other holders to deliver to the New Corporation all of the outstanding securities of Louisiana Gas & Fuel Company, transfer to the New Corporation loans payable of Louisiana Gas & Fuel Company to the extent of $3,468,000 principal amount, and pay to the New Corporation $30,000,000 in cash. It will, in addition, furnish the New Corporation with a subscription for at least 200,000 units of securities of the New Corporation at $100 per unit (aggregating at least $20,000,000), each unit to consist of one share of $7 Second Preferred Stock, two shares of Common Stock and three Option Warrants and to be represented by an allotment certificate. This subscription will provide for the payment on such units at the time of subscription of 20% of the subscription price, the remainder of the subscription price to be paid when and as called by the New Corporation at any time on thirty days' notice. Certificates for $7 Second Preferred Stock covered by the units so subscribed are to be delivered as and when and to the extent that payments for integral shares are made, but shares of Common Stock and Option Warrants covered thereby are to be delivered only upon payment of the subscription price in full.

For the securities, cash and subscription, all as referred to above, the New Corporation will issue to or upon the order of Electric Power & Light Corporation securities of the New Corporation, as follows: 584,680 shares of $7 Second Preferred Stock, 3,809,680 shares of Common Stock and 2,700,250 Option Warrants.

The obligations of Electric Power & Light Corporation, as stated above, are subject to there being deposited with the Depositaries at least 75% of the Common Stock and at least 51% of the Preferred Stock, $7 Cumulative Dividend, Series A, of United Gas Company and at least 90% in the aggregate number of all shares of stock without par value and 90% of the aggregate par value and principal amount of all securities having a par value or principal amount to be deposited by holders of securities of The Palmer Corporation of Louisiana and United Gas Company, and certain securities of certain subsidiaries of United Gas Company, or to the Plan being declared operative by the New Corporation.

The Bank of America N.A., 44 Wall Street, New York City, is the depositary for all securities which, under the Plan, are exchangeable for $7 Preferred Stock of the New Corporation.

The Equitable Trust Company of New York, 11 Broad Street, New York City, is the depositary for all securities which, under the Plan, are exchangeable for Common Stock and/or Option Warrants of the New Corporation.

Arrangements have been made by the Depositaries whereby any of the securities may be deposited with Continental Illinois Bank and Trust Company, Chicago, Old Colony Trust Company, Boston, or Bank of Italy National Trust & Savings Association, San Francisco.

New York, April 22, 1930.

Bank, Insurance and Investment Trust Stocks

Quotations as of Recent Date

NATIONAL BANKS	Bid	Asked
Bank of America, N. A. (4.50)	144	147
Chase (4.00)	167	170
Chatham & Phenix (4.00)	138	141
Chemical (new) (1.80)	..	..
City (4A) new	232	235
First (N. Y.) (100A)	6375	6475
Public (new) (4)	141	144
TRUST COMPANIES		
Irving Trust (1.60)	66½	68½
Bankers (new) (3)	168	171
Bank of N. Y. & Trust Co. (20)	805	815
Brooklyn	890	900
Central Hanover (new)	394	400
Empire	97	100
Equitable (3.00)	133	135
Guaranty (20)	831	836
Manufacturers (6)	144	146
New York (new) (5)	317	322
United States Trust (70)	4550	4700
STATE BANKS (NEW YORK)		
Corn Exchange (4.00)	7	..
Manhattan Co. (3.20)	145	148
INSURANCE COMPANIES		
Aetna Fire	72	74
Aetna Life (1.60)	98	100
Continental (1.60)	40	42
Glens Falls (2.10)	57	59
Globe & Rutgers (24)	1240	1245
Great American (1.60)	39½	40½
Hanover (1.80)	61	62
Hartford Fire	84	86
Home (2)	47¾	48¼
Carolina (1.50)	35	37
National Fire	84	86
North River (2.50)	70	72
United States Fire (2.40)	87	89
Stuyvesant (2)	67	72
Travelers (22)	1570	1590
Westchester (2.50)*	67	72
SURETY AND MORTGAGE COMPANIES		
American Surety	118	121
National Surety	94	95
Lawyers Mortgage	53	55
Mortgage Bond (8)	193	203
JOINT STOCK LAND BANKS		
Chicago	12	15
Dallas (8)	75	83
Des Moines	3	7
First Carolina	3	6
Lincoln (4)	35	42
INVESTMENT TRUST SHARES		
American Founders Trust com.	23¾	24⅝
Do 6% Pfd.	45¼	49½
Do 7% Pfd.	49	58
Diversified Shares	26⅝	..
Do Series B	21¾	22½
Fixed Trust Shares A	22⅜	..
Insuranshares, ctfs.	16	17½
Interl. Sec. Corp. of Amer., B.	29	33
Do A	59	63
Do 6% Pfd.	82	91
Oil Shares, Inc. (units)	59	63
Second Intl. Securities A	38	43
Do 6% Pfd.	40	44
U. S. Shares, Series A-1	12⅞	14⅜
Do Series A	13⅝	..

(A) Including div. wherever paid by Securities Companies in some cases. (B) Par $5. * Including extras.

most heavily, there are still substantial minorities that in the aggregate may prove to have a more potent voice than ordinarily accorded to them. Railroad directors and officials do not favor centralized ownership of their shares.

It should not be forgotten either, that many of the large and strong railroad systems, notably in the West, do not have railroad holding companies and apparently do not have any desire to organize them. They are not vitally interested in consolidation on a big scale. So far, control of railroads through holding companies has been confined largely to the Pennsylvania and the Van Sweringens.

It is not difficult, however, to realize what would happen to the market for railroad securities if Congress fails to pass legislation giving the Interstate Commerce Commission control over holding companies, and if the big railroad systems running both east and west and north and south, should undertake to bring about virtual consolidation through holding companies. There would be the biggest kind of competitive buying of railroad stocks that this country ever has seen and they, in all probability, would sell at prices never before dreamed of.

Individual investors should give careful attention to the trend of developments at Washington with regard to control of holding companies, to the tendency of securities companies of every kind to seek a voice in the management of railroad companies into whose stock they may have bought extensively, and to the further activities of powerful railroads and railroad groups with regard to bringing about virtual consolidation through holding companies.

Such a scrutiny of the situation will make it possible to decide what should be done with regard to buying and selling railroad stocks, both for pure investment and also for speculation.

What 14-Cent Copper Will Mean to the Industry—to Investors

(Continued from page 25)

slightly over 97 pounds sterling per ton, dropping steadily from that time with the exception of a brief period of strength in September to approximately 66 pounds sterling at the end of the year. The first quarter of the present year saw a gradual continuation of the downward trend. While this was occurring, the price of electrolytic copper in this country was pegged at the 18-cent level. These variations in copper prices in London in the past have constituted a serious handicap to the very important export trade of American producers.

Much is heard of the tremendous new copper mining projects under development in various parts of the world, particularly Canada and South Africa, which will shortly make available huge supplies of the metal. The Frood mine of International Nickel Co. is increasing output rapidly, last year producing 82,000,000 pounds and when fully developed will have a capacity approaching 300,000,000 pounds annually.

African production with the exception of Katanga is not yet an important factor, but eventually this continent will be a large source of the metal. Roan Antelope beginning with 1931 should gradually increase output to a rate of 100,000,000 pounds yearly. Bwana M'Kulwa, Mufilira, and N'Changa will attain producing stage later. The potential output from new African sources in about ten years should be around 500,000,000 pounds of copper, but it will be at least three years before it constitutes an important market factor.

Secondary copper is a factor of increasing significance in the copper market. The last decade has witnessed a tremendous growth in the quantities of salvaged copper returned to industry for reuse. Because the metal is practically non-corrosive, and the bulk of the new supplies is used in such forms where it does not lose its identity and is recoverable, it is obvious that the greater the output of virgin copper (from ores) the greater the potential source of supply of secondary metal. In 1928, for instance, the production of secondary copper from old scrap amounted to 365,500 tons, an increase of 35% in the five-year period 1923-1928, while the consumption of primary or virgin copper increased only 24% during the same period to slightly

New York Curb Exchange

IMPORTANT ISSUES

Quotations as of April 23rd, 1930

Name and Dividend	1930 Price Range High	1930 Price Range Low	Recent Price
Aluminum Co. of Amer....	356	275	345
Aluminum Pfd. (6)	109	105½	†106½
Amer. Cyanamid "B" (1.60)	37	25⅛	31⅞
Amer. Gas Elec. (1)........	156	113⅝	153
Am. Lt. & Traction (10)....	349½	225	335
Amer. Superpower (1)........	36⅝	23¾	34¾
Assoc. Gas Elec. "A" (2)...	51⅛	47¾	47⅞
Central States Elec. (0.40)..	29⅜	19	27
Cities Service (.30)	43⅜	26⅛	41⅜
Cities Service Pfd. (6)......	93⅞	89	92¾
Cleveland El. Ill. (1.60).....	88	63	85
Comwlth. Edison (8)	308	234	304¾
Cons. Gas of Balt. (3.60)...	129⅞	90¼	124
Consolidated Laundries	16	10	14⅛
Continental Oil	17¾	12⅛	15
Cosden Oil	74¾	50	59½
Deere & Co. (new)..........	162⅝	113	158
Durant Motors	7	4⅜	5⅜
Elec. Bond Share	117⅞	80¼	115⅞
Ford Motors of Canada A....	38½	28	36
Ford Motor of France	12½	6¾	11½
Ford Motors, Ltd. (.37½)...	19⅞	10¼	19
Fox Theatre A...............	15⅞	2⅛	15⅛
General Baking	4⅜	2⅜	3⅝
General Baking Pfd. (3)....	51⅛	35⅝	37⅛
Gen. El. Ltd. rcts, Eng. (.50)	14	10⅞	12
Glen Alden Coal (8)........	121½	99	100
Goldman Sachs T...........	46⅜	35	45
Gulf Oil (1.5)...............	160⅞	131⅛	158⅛
Hecla Mining (1)...........	14	11½	†12⅜
Humble Oil (2)..............	119	78	115
Hygrade Food Products.....	13	10	11½
Insull Util. Invest. Inc......	71	54½	68⅛
Insur. Securities Inc. (1.40)	33	17	19⅞
Internat. Pet. (new) (.62½)	1⅜	⅜	1⅛
International Utilities B....	18⅞	6⅞	18¼
Lefcourt Realty (1.85)......	25½	14⅞	21⅜
Lone Star Gas (new) (1)...	55⅞	34⅛	55⅜
Metro Chain Stores.........	30	16	23
Mid. West Util.............	38	25½	36
Mountain Producers (1.60)..	12⅛	8	11⅜
National Fuel Gas (1)......	36¾	25⅛	35
New Jersey Zinc (4)........	91½	66¼	87¾
New Mex. & Arizona Land..	7⅛	3½	5⅜
Newmont (4)	141⅞	105½	121
Niagara Hudson Power (.40)	23⅝	11⅝	23¼
North. States Power A (8).	183½	170	176¼
North. States Pow. Pfd. (7)	109	95¼	108
Novadel-Agene (2)	34¼	22⅝	†31¾
Ohio Oil (2).................	74⅞	66⅛	70⅜
Pennroad Corp.	16⅛	13	14⅜
Pittsburgh & Lake Erie (5)	130	111	125
Safety Car & Heat. (8).....	138	120¼	138
Salt Creek Producers (2)...	15¼	10	14
Standard Oil of Ind. (2½)..	59⅞	49⅞	57⅜
Superheater Co. (new) (3½)	53	38	47⅛
Transcontinental Air Trans..	10⅞	6	10
Trans Lux	13½	4⅛	11⅞
Ungerlieder	36⅛	26¼	32¼
United Lt. & Pow. A (1)...	55⅛	27½	54
United Lt. & Pow. cv. Pfd. (6)	119⅜	97⅛	115¼
Utility & Indus. Corp.......	23¾	17⅛	21¼
Utility Pow. & Lt. (1).....	28	14⅛	25
Vacuum Oil (4¼)..........	96⅞	88⅛	91

† Bid Price.

over 804,000 tons in 1928. For every pound of virgin copper consumed in that year, there was produced approximately one-half a pound of copper from old scrap. Such figures as are available for the year 1929 and so far this year, indicate that scrap copper has become even a more important factor now.

All this indicates that there will certainly be no dearth of copper for some time to come, but at the same time it does not necessarily mean that a chronic condition of overproduction will exist. The world's requirements of copper have grown at the rate of 6% per annum for a considerable length of time, ignoring of course temporary recessions due to general business depression. The consumption in the United States is far ahead of that in Europe and the rest of the World indicating not that a saturation point is being approached here but rather is a reflection of the tremendous electrical and communications developments in this country. Comparable developments abroad will require huge amounts of copper over a long period of years so that it is entirely probable that the output of copper from the old sources as well as the new ones will find an ample market.

The immediate situation and outlook in the copper industry is of course more pertinent to the security buyer than the long range prospects. Domestic consumption of copper so far this year has been only about 80% of last year a result largely of the business depression following the crash in the stock market last Fall, and in no small part to the buyers' strike by consumers. Foreign sales of copper which already dropped off sharply last year experienced a further sharp decline this year. The increasing stocks of copper which have been accumulating ever since April, 1929, became burdensome toward the end of the year, and as there was no urgent demand visible in the market, buyers were purchasing strictly hand-to-mouth with the assurance at all times of almost immediate delivery. The so-called invisible stocks of copper are therefore probably down to the minimum.

That the consumption of copper has sharply decreased temporarily is evi-

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Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

Industrials

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value April 21, 1930, Times Earnings	Dividend Rate
Alpha Portland Cement.........	12 mos.	.06	ND	2.13	16.7	3
Amer. Chicle Co.	Quarter	.06	ND	.95	12.6(g)	2½
Amer. Inter. Corp.	Quarter	.04	77	1.22	10.6(g)	2
Anaconda Wire & Cable........	1929	.09	ND	4.77	9.2	3
Artloom Corp.	Quarter	.02	ND	.47	9.9(g)	2
Atlantic Refining Co............	Quarter	.01	10	.42	25.4(g)	2
Atlas Stores Corp...............	9 mos.	.20	ND	4.16	6.2(g)	1
Beatrice Creamery Co...........	Year	.10	ND	7.43	12.3	4
Borden Company	1929	.16	ND	5.50	14.8	3
Briggs Mfg. Co.................	1929	.07	ND	1.21	18.0	—
Brunswick-Balke-Collander	1929	(d)	ND	(d)	—	—
Budd Mfg. Co.	Quarter	.01	11	.58	6.4(g)	1
Carroon & Reynolds Co..........	1929	.10	ND	2.04	NQ	—
Chicago Yellow Cab Co.........	Quarter	.07	ND	1.33	5.4(g)	3
Cities Service Co.	1929	.10	78	1.67(r)	25.1	.30
City Stores Co.	Year	.07	50	1.16	9.4	.50
Collins & Aikman Corp.........	Year	.08	ND	1.90	15.0	—
Container Corp.	Quarter	.01	72	.03-B	58.3(g)	—
Coty, Inc.	1929	.30	3	2.72	11.0	2
Dunhill Inter. Corp.............	1929	.22	ND	5.47	6.8	4
Du Pont (E. I.) de Nem. & Co..	Quarter	.04	NM	1.52(k)	22.5(g)	4.70
Eastern Steamship Lines, Inc...	1929	.14	28	3.77	9.1	—
Eaton Axle & Spring............	Quarter	.03	6	1.04	7.7(g)	3
Equitable Office Bldg. Corp......	11 mos.	NR	NR	2.47	16.7(g)	2½
Filene's (W.) Sons Co...........	Year	NR	NR	3.38	11.3	—
Foundation Co.	1929	.03	6(m)	1.95	12.6	—
Franklin (H. H.) Mfg. Co. (Auto)	1929	.09	ND	2.46	8.1	3
General Foods Corp.............	Quarter	.10	ND	1.13	11.8(g)	3
General Outdoor Adv............	Quarter	(d)	1	(d)	—	4
Gillette Safety Razor Co., Inc..	Quarter	.04	ND	.98	22.1(g)	5
Granby Cons. Min., Smelt. & Pr.	1929	.17	ND	6.23	6.4	8
Great A. & P. Tea Co...........	1929	.22	ND	11.78	20.8	5
Hahn Dept. Stores, Inc.........	Year	.09	12(m)	1.84	12.1	—
Hudson Motor Car Co............	Quarter	.04	ND	1.45	8.9(g)	5
Hupp Motor Car Co..............	Quarter	NM	ND	.04	134.3(g)	2
Inter. Cement Corp.............	Quarter	.02	51	1.34	13.1(g)	4
Johns-Manville Corp.	Quarter	.02	ND	.81	38.1(g)	3
Kennecott Copper Corp..........	1929	.17	1(s)	5.55	8.9	5
Kinney (G. R.) Co., Inc.........	1929	.09	16	3.27	11.6	1
Kresge (S. S.) Co..............	Quarter	.03	ND	.49	16.5(g)	1.60
Lago Oil & Transport Corp.....	1929	.04	ND	.70	35.0	—
Libby, McNeill & Libby.........	Year	.08	35	2.31(z)	9.2	—
MacAndrews & Forbes...........	1929	.09	NM(s)	3.12	10.2	2.25
Madison Square Garden Corp....	Quarter	NR	NR	1.08	2.7(g)	1½
Martin-Parry Corp.	6 mos.	(d)	ND	(d)	—	—
Mathiesen Alkali Works........	Quarter	.03	ND	.76	15.8(g)	2
Mengel Corp.	1929	.09	24	3.16	6.3	2
Motor Products Corp............	Quarter	.03	ND	1.17	14.8(g)	2
Nash Motors Co.................	Quarter	.03	ND	.65	18.9(g)	6
National Air Transport.........	Quarter	.04	ND	.19	33.3(g)	—

(Please turn to next page)

Recent Reported Earning Position of Leading Companies

(Continued from page 74)

Industrials (Continued)

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value April 21, 1930, Times Earnings	Dividend Rate
New York Dock Co.	1929	.04	104	4.38	10.2	—
Newmont Mining Corp.	1929	.26	ND	23.34	5.1	4
Otis Elevator Co.	Quarter	.04	ND	.83	22.4(g)	2½
Pennsylvania Coal & Coke Corp.	1929	.01	10	.69	14.1	—
Seagrave Corp.	Quarter	(d)	ND	(d)	—	—
Sheffield Steel Corp.	Quarter	.04	24	1.35	16.6(g)	2
Sinclair Consol. Oil Corp.	1929	.06	29	2.81	10.5	2
Standard Plate Glass Co.	Quarter	(d)	31	(d)	—	—
Starrett Corp.	11 mos.	NR	NR	3.18	13.1(g)	2¼
Submarine Boat Corp.	1929	(d)	ND	(d)	—	—
Tennessee Copper & Chem. Co.	1929	.11	18	2.19	7.1	1
Thompson (J. R.) Co.	Quarter	.05	ND	1.00	10.2(g)	—
Timken Roller Bearing Co.	Quarter	.06	ND	1.29	16.3(g)	3
Tri-Continental Corp.	Quarter	.03	ND	.83	5.6(g)	—
Underwood-Elliott-Fisher	Quarter	.04	ND	1.89	14.7(g)	5
Union Oil of Calif.	Quarter	.02	12	.61(e)	19.5(g)	2
United Dyewood Corp.	1929	.03	ND	2.04	3.1	—
U. S. Dairy Prod. Corp.	1929	.12	22	4.00-B	6.3	—
U. S. Hoffman Mach. Corp.	Quarter	NM	ND	.12	45.8(g)	2
Warner-Quinlan Co.	1929	.09	36	2.72	8.5	1
Western Dairy Prod. Co.	1929	.10	44	2.01-B	10.7	—
Wilcox-Rich Corp	Quarter	.06	ND	.83-B	7.8(g)	2
Young (L. A.) Spring & W. Cp.	Quarter	.06	7	1.25	8.4(g)	3

Public Utilities

Amer. Distr. Teleg. Co. (N. J.).	1929	.10	ND	11.60	7.2	4
Amer. Tel. & Tel. Co.	Quarter	.03	28	2.95(k)	21.5(g)	9
Commonwealth Edison Co.	Quarter	.03	67	3.73	20.6(g)	8
Detroit Edison Co.	12 mos.	.09	70	10.49	23.3	8
Interborough Rapid Transit Co.	Year	.05	485	8.59	3.6	—
International Paper & Pow. Co.	1929	.01	97	0	—	—
Massachusetts Lighting Co.	1929	.10	ND	7.72	NQ	8
National Elec. Pr. Co.	1929	.11	512	3.45A&B	9.6-A	1.80
Nevada-Calif. Elec. Corp.	1929	NR	NR	3.43	NQ	—
New England Tel. & Tel. Co.	Quarter	.02	93	2.49	15.8(g)	8
Northern States Pr. Co.	1929	.07	87	1.01-B	NQ	.80
Pacific Gas & Elec. Co.	1929	NR	NR	3.27	21.2	2
Phila. Company	1929	.09	97	12.57	19.6	4
Tri-Utilities Corp.	1929	.01	183	3.51	15.5	1.20
United Rys. & El. Co. of Balt.	1929	.02	227	1.32	10.0	—

Railroads

Alleghany Corp.	Quarter	.01	37	.09	86.8(g)	—
Atlantic Coast Line R.R.	1929	.06	83	14.46	11.9	7
Chic., Milw. St. P. & Pac. R.R.	1929	.03	170	.95	23.2	—
Chicago & Northw. Ry. Co.	1929	.06	151	8.85	9.5	5
Cinn., New Orl. & Tex. Pac. Ry.	1929	.06	4	32.74	NQ	8
Illinois Central R.R.	1929	.05	145	9.13	13.9	7
Mobile & Ohio R.R. Co.	1929	.05	193	15.01	NQ	7
Virginian Ry. Co.	1929	.07	71	13.03	12.4	7

(d) Deficit. (e) Estimated. (g) Figured on basis of estimated yearly earnings as indicated by period reported. (k) Based on average number of shares outstanding during period. (m) Including mortgages. (r) Before reserves. (s) Including obligations of subsidiaries. (z) Not allowing for accumulated dividends. A—Cl. "A" stock. B—Cl. "B" stock. ND—No funded debt. NM—Negligible. NR—Unavailable. NQ—No quotation on indicated date.

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dent from the large increase in stocks on hand occuring despite the curtailment at the mines. Stocks of refined copper on March 31st, 1930, in North and South America were 256,020 tons and blister copper including metal in process 266,561 tons, a total of 522,581 tons. This is equivalent to slightly less than a four months' normal supply at the average monthly rate of consumption during 1928 and 1929. Foreign stocks are relatively small. While the situation is not exactly healthy, it by no means can be compared with the critical condition in the industry following the World War. To begin with, consumption in normal channels was much less then than to-day, so that a large accumulation of the metal was proportionately a more serious matter. And secondly, there was a total accumulation at that time of from 1,000,000 to 1,250,000 tons, about 450,000 tons in the hands of the producers, about 500,000 tons owned by the United States government, and from 400,000 to 500,000 tons coming back into consumption from the battlefields of Europe.

If the copper industry as a whole continues working in unison under a policy of cooperation, operations may be conducted on a rational basis with the result that the present rather uncertain position may successfully be overcome perhaps toward the end of the year. With improvement, the price of the metal may again be advanced, but in the meantime a price lower than the present one of 14 cents is a distinct possibility. The chief factor in effecting improvement necessarily will have to be a revival in demand, both domestic and foreign, but should this fail to materialize, the industry will very likely fall back to the state of demoralization which was its experience for many years and only since 1928 able to overcome. The price for copper under these circumstances will seek a level that will gradually eliminate the high cost producers because of their inability to operate at a profit, a process which is painful at best.

Another development that is significant to many of the copper companies is further weakness in silver prices, because this precious metal is produced in varying quantities together with the copper. It has been the practice to credit the revenue from precious metal recovery toward the cost of producing the copper, in many cases lowering this cost appreciably. The price of silver has been dropping off steadily in the past several years and in 1929 reached the low annual average of approximately 53 cents per ounce. During the first quarter of the present year a precipitous drop carried the price to new low levels and currently is about 43 cents per ounce. Some of the copper companies are large producers of this metal and naturally earnings will suffer considerably from the decline. The company effected to the greatest extent is probably Cerro de Pasco, and less severely Howe Sound, Magma, and Anaconda who are also important producers.

The reduced price of copper itself, of course, means a sharp decrease in the earnings of the copper companies with the high cost producers affected most severely. Accompanying this article is a table showing the cost of production for the important companies as well as an estimate of earnings on 14-cent copper, so that the position of each one is plainly apparent. Failure to effect improvement in the copper situation will mean that the 1929 conception of the industry, the most roseate since the war, will definitely have to be put aside and in its place substituted the picture of a less favorable period, the one coming to mind at the moment being the year 1928.

The situation, however, is not without tangible possibilities and perhaps later in the year attractive opportunities will be presented for making commitments. The low cost producers and particularly those with fabricating subsidiaries or affiliation such as Anaconda, Kennecott, and Phelps-Dodge are in the most favorable position. The current uncertainties have caused the prices of copper shares to decline rather sharply to a level approximating 1928 prices before the big advance occurred. Present owners of copper shares may do well to continue holding them, as the worst of the situation has probably already been discounted, but new commitments at this time may have to be held for a period before showing to advantage.

What's Ahead For Steel?

(*Continued from page* 19)

already been made or are just now being made. This floor is possible only because of the automatic welder which "sews" the plates to the steel beams and girders of the buildings. It is estimated that here is a potential market for plates in excess of the tonnage now consumed in the making of cars and ships.

There is also being put on the market this year a manufactured house. Rooms will be produced in the shop and shipped to the foundation. This manufacture is possible upon an economic basis only because of the use of welding equipment. What is true here is equally true in a number of industries. The electric welder is bringing steel into industries to take the place of other materials. Not alone office desks are made of steel today but an innumerable number of articles will be fabricated from this material in the not distant future if the promises of welding are fulfilled.

Some study should be made of the very large earnings of the manufacturers of electrical equipment during the first quarter of 1930. The sale of automatic welding equipment to plants and to whole industries which have never before been so equipped has contributed substantially to these earnings, and of course the automatic welder must work on steel and steel alone.

More Profits from Special Steels

It is said, and justly, that steel does not meet all requirements, despite its perfect physical properties. To meet that criticism new alloy steels have been developed, among the more well-known are Enduro and Nitralloy. Such new materials greatly add to the number of uses to which steel can be put. The exposed polished parts in the new Ford automobile are all of this new rustless steel. It was likewise used as adornment in exposed places in the Chrysler Building in New York. An alloy steel will be used in the bridge over the Kill von Kull at New York, the longest arch span bridge to be built.

Slowly and deliberately the alloy steels are being introduced into first one and then another industry. Being able to resist acids these new steels can be made into containers for the chemical industry. Being capable of maintaining a high polish without tarnish they are being made into pitchers, bowls and other table utensils. Alloy steels will make ship bottoms free of barnacles, render it unnecessary to paint bridges. They can be used in the construction of stables and other industrial buildings without fear of the corroding effects of acids.

New materials have been developed as rapidly as have new processes. All entail new plant capacity, and this, after all, is the key to the situation. What does it mean for the future? In a practical sense they mean larger profits for steel companies. Ordinary steel is a bulk commodity produced and sold at a small profit. The special alloy steels, however, bring many times the price of bulk steel and afford a sizable margin for producers.

What of the Future?

At the present time it seems to be the determination of the leaders in the industry to continue their efforts to

Building and Loan Associations

We will be glad to answer questions regarding Building and Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

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100% Safety
6% Interest

More than $2.00 of selected first mortgages on real estate in this county for every $1.00 of liability under our Special Deposit Certificates. No loss to any depositor in fifty-four years. Resources over 20 millions. 20,000 patrons, principally in Ohio, but from more than ⅝ of the states of the Union and a dozen foreign countries. Patronized by business men and capitalists and more than 50 other Ohio Building Associations and banks, which use it as a depository for Reserve and temporarily idle funds. Let us send you a Booklet of Information.

AMERICAN LOAN AND SAVINGS ASSOCIATION
American Savings Bldg.,
Dayton, Ohio

Texas

This interesting booklet FREE ask for it ~ 7% paid from earnings ~ Dividends exceed million dollars. Assets four million. Invest in the growing Southwest for SAFETY, CONVENIENCE *and* PROFIT.

7%
Investigate then Invest
Cash Dividends $100 to $10,000 No Fees
WRITE FOR FINANCIAL STATEMENT AND FOLDER—TODAY
Equitable Building & Loan **Association**
803 Lamar
FORT WORTH-TEXAS

Oklahoma

CAN YOU AFFORD TO GAMBLE?
The Sure Way is the Safe Way to Financial Independence

Booklet on Request
"3 Best Investment Plans"

Okmulgee Bldg. & Loan Ass'n
Okmulgee Oklahoma

Colorado

GUARANTEED 5 yr Income

on full-paid 6½% Time Certificates.

Secured by select first mortgages on improved city real estate—and backed by Colorado's fastest growing, largest permanent capital Association. Issued any amount, $100 to $10,000. Quarterly or semi-annual interest coupons, payable Chemical National Bank, N. Y., or First National Bank, Denver.

"Silver State" investors live in every state and 11 foreign countries. Our permanent capital guarantees 6½% earnings on Time Certificates for entire 5-year period. Under state supervision.

Folder "C" tells the story.

SILVER STATE BUILDING AND LOAN ASSN.
1648 Welton St. Denver, Colo.
Members: Colorado Bankers Assn., Colorado State and U. S. Building and Loan Leagues.

Arizona

8% Accumulative Certificates
7% Fully Paid Certificates
6% Coupon Certificates
with
"Arizona's Largest Association"
FIRST NATIONAL
Building & Loan Association
106-8 So. Central Ave., Phoenix, Ariz.
Write for Explanatory Literature

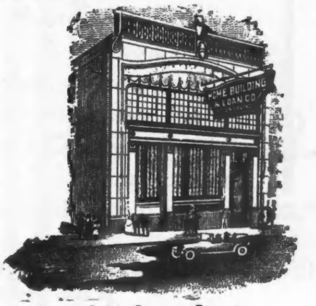
Texas

8% **NON-TAXABLE INVESTMENTS**
Full paid shares issued in multiples of $100. Dividends payable quarterly in cash, and to date of cancellation after 90 days from date of issuance. No fees. Under State Banking Dept. supervision.
Write for literature and particulars.

Texas Plains Bldg. & Loan Association
111 West Sixth St., Amarillo, Texas

8% ⟷ 8%
We Pay
cash dividends, payable quarterly on Fully Paid Shares.
San Angelo Bldg. & Loan Assn.
(Under State Supervision)
20 West Twohig San Angelo, Texas

Florida



16 and 18 Laura Street

Home Building & Loan Co.
JACKSONVILLE
FLORIDA

Each quarter since organization in 1921 this Company has earned and paid dividends at the yearly rate of

8%

Full Information on Request

SAFETY AND 8%
Palatka Building and Loan Association
Palatka, Florida
Dividends Paid Quarterly in Cash
Send for booklet and Financial Statement

New York

On Systematic Savings **6%**
5% On Save as You Please Accounts
UNDER SUPERVISION N.Y. STATE BANKING DEPT.
SERIAL
BUILDING LOAN & SAVINGS INSTITUTION
195 BROADWAY-170 FULTON ST N.Y.C.
WRITE FOR BOOKLET

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8% Payable Semi-Annually or compounded. Dividends Guaranteed by paid-in guarantee capital. Under supervision State Superintendent of Banks and Building and Loan Board. No membership or withdrawal fees.

Florence Building and Loan Association
W. L. Foy, Sec.-Treas. Florence, Ala.

Financial Notices

Dividends and Interest

Prince & Whitely Trading Corporation

NOTICE OF INITIAL DIVIDEND

At a meeting of the Board of Directors of the Prince & Whitely Trading Corporation held April 15, 1930, an initial dividend of 25¢ per share was declared upon the common stock, payable June 2nd to stock of record May 15th.

Inasmuch as this is the initial dividend it is suggested that all owners have their stock transferred into their own names promptly that they may receive the dividend without delay.

JAMES H. STARK, *Secretary.*

Allegheny Steel Company

Brackenridge, Pa.,
April 22, 1930.

COMMON STOCK DIVIDEND NOTICE

A dividend of fifteen cents (15c) per share on the outstanding shares of Common Stock of Allegheny Steel Company has been declared payable May 17th, 1930, to Stockholders of Record April 30th, 1930.

CHARLES C. HENDERSON,
Treasurer.

INTERNATIONAL PAPER AND POWER COMPANY.

Boston, Mass., April 2, 1930.

The Board of Directors has declared a regular quarterly dividend of sixty (60c) cents on the Class A Common stock of this company, payable May 15, 1930, to stockholders of record at the close of business May 1, 1930.

Checks to be mailed. Transfer books will not close.

R. G. LADD, Assistant Treasurer.

Dividends and Interest

Borden's

COMMON DIVIDEND No. 81

A quarterly dividend of seventy-five cents (75¢) per share has been declared on the outstanding common stock of this Company, payable June 2, 1930, to stockholders of record at the close of business May 15, 1930. Checks will be mailed.

The Borden Company
WM. P. MARSH, *Treasurer.*

United States Realty and Improvement Company

111 BROADWAY, New York

The directors of this company today declared a dividend of one dollar and twenty-five cents ($1.25) on each share of its stock without nominal or par value issued and outstanding, payable on June 16th, 1930, to holders of record of such stock at the close of business on May 16th, 1930.

A. T. BLACK, Treasurer.

Dated, New York, April 17th, 1930.

INTERNATIONAL AGRICULTURAL CORPORATION

New York, April 22, 1930.

The Board of Directors has this day declared a regular quarterly dividend of one and three-quarters per cent. (1¾%) on the Prior Preference Stock of the Corporation, payable June 2nd, 1930, to stockholders of record at the close of business May 15th, 1930. Books will not close.

CHARLES J. COTTER, Treasurer.

broaden their markets. The gigantic mergers and new alignments in corporate holdings indicate nothing more than this. Mergers are predicated upon a desire to obtain a diversity of steel products and attain access to a diversity of markets. The larger the mergers become the more determined is the competition between them. Their mass attack upon competitive materials will be little short of revolutionary and that is what we are most likely to witness during the next twelve months.

The present, however, is probably a crucial age in the steel industry. Already steel is a startling infant. Around 1880 the Bessemer furnace was first perfected and then steel was first produced upon a commercial basis. Since then the railroad and the steamship have been given to civilization. Since then our modern system of refrigeration and of artificial heating have come into use. Because of steel we have the airplane, the automobile and practically all of the present day conveniences. When we realize that these things have been developed by steel during the past fifty years, it seems less startling that last year and this the industry is undertaking a second revolution by adopting many improved processes in making and introducing a number of new products for consumption.

It is probably due to the arrogance of a young industry that the leaders are so confident that they will effect these great changes with entire success. In doing so new millions of investments will be required and new millions in profits are in prospect. But all without regard to competitive materials.

Important Dividend Announcements

NOTE—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$7.00	Alleghany Steel pfd....	$1.75	Q	5-15	6-2
6.00	Asso. Dry G'ds 1st pfd.	1.50	Q	5-10	6-2
7.00	Asso. Dry G'ds 2nd pfd.	1.75	Q	5-10	6-2
3.00	Borden Co.	0.75	Q	5-15	6-2
2.00	Campbell Wyant & Can'n	0.50	Q	5-15	6-1
0.60	Centrifugal Pipe.......	0.15	Q	5-5	5-15
4.20	Checker Cab Mfg......	0.35	Mo	5-15	6-2
0.30	Cities Service com.....	.02½	Mo	5-15	6-2
Stk.	Cities Service com.....	½%	Mo	5-15	6-2
6.00	Cities Service pfd......	0.50	Mo	5-15	6-2
6.00	Cities Service pref. BB	0.50	Mo	5-15	6-2
0.60	Cities Service pref. B..	0.05	Mo	5-15	6-2
7.00	Consolidated Cigar pfd.	1.75	Q	5-15	6-2
4.00	General Cable "A"....	1.00	Q	5-13	6-1
4.00	Gen. Outdoor Adv. "A"	1.00	Q	5-5	5-15
6.00	Gen. Outdoor Adv. pfd.	1.50	Q	5-5	5-15
7.00	Hercules Powder pfd..	1.75	Q	5-3	5-15
7.00	Inter. Harvester pfd...	1.75	Q	5-5	6-2
Stk.	Kroger. Groc. & Baking	1%	—	5-10	6-2
Stk.	May Dept. Stores......	1¼%	—	5-15	6-2
7.00	Nat. Dept. Stores 2d pfd	1.75	Q	5-15	6-1
1.00	Nat. Power & Lt. com..	0.25	Q	5-10	6-2
6.00	N. A. Edison pfd......	1.50	Q	5-15	6-2
—	Packard Motor	0.25	—	5-15	6-12
6.00	Pierce Arrow pfd.......	1.50	Q	5-10	6-1
—	Prince & Whitely Trad.	.25	—	5-15	6-2
2.00	Skelly Oil	0.50	Q	5-15	6-16
3.00	United Chemical pfd....	0.75	Q	5-15	6-1
5.00	U. S. Realty & Imp.....	1.25	Q	5-16	6-16
4.00	Warner Bros. com......	1.00	Q	5-12	6-2
2.20	Warner Bros. pfd........	0.55	Q	5-12	6-2

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contains data on the Appalachian Gas Fields in which the properties of the Hamilton Gas Company are located. These gas fields are nearest to the new great markets of the Eastern Seaboard now becoming available and at least the greatest portion of the gas to be delivered to these centers must be taken from this region. Send today for 722.

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contains analyses and charts on R. J. Reynolds Tobacco, Commercial Solvents, International Harvester, Pacific Lighting, Westinghouse Electric & Mfg. Co., Allis-Chalmers Mfg., General Motors, P. Lorillard, Radio Corporation of America, Curtis-Wright, Union Carbide and Carbon.

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An illustrated booklet describing the erection of the new 70-story Manhattan Company Building, New York; and Starrett Securities, which share in the ownership and profits of this building. Also contains a brief history of New York's skyscrapers from the earliest days. Copy on request. (780).

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is analyzed in the latest Weekly Review of Prince & Whitely. If you are holding or contemplate holding any of the securities of this giant system, you should send for a copy of 736.

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are obligated to pay the interest and sinking fund requirements of their 6% Convertible S. F. Gold Bonds, 1948, from rentals of F. & W. Grand 5-10-25 Cent Stores, Inc. The company shows net profits after all operating charges of $1,333,349 for 1929. These bonds are traded on the New York Curb Exchange and are currently selling at a discount and offer a liberal yield. Send for literature 737.

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Far-reaching changes in the Federal Reserve System, of interest to every banker, industrial leader, economist, and legislator, are advocated in this new book by Paul M. Warburg, the noted banker. Send for 741.

GENERAL THEATRES EQUIPMENT, INC.
and its subsidiary, controlled and affiliated companies are analyzed in a new booklet issued by Pynchon & Co. A free copy will be sent upon request. (742).

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STANDARD OIL ISSUES

We have available for distribution descriptive circular on all the Standard Oil issues. (219).

THE PARTIAL PAYMENT

method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224).

ODD LOTS

A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

A SUGGESTION TO INVESTORS

This booklet explains in detail the features of Odd-lot investing. If interested, the prominent New York Stock Exchange firm issuing this booklet will be pleased to send you a complimentary copy. (278).

THE BACHE REVIEW

By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for three months without charge. (290).

FOR INCOME BUILDERS

The booklet describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent independent income may be built through the systematic investing of small sums set aside from current earnings. (318).

MAKING PROFITS IN SECURITIES

Are you profiting by the major and also the minor swings of the market? If not, you will be interested in the above booklet issued by a leading financial service in New York City. (377).

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The small loan field as a profitable investment is fully described in a booklet issued by the National Cash Credit Association and entitled "Our Business." A copy will be forwarded without charge upon request. (449).

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of a prominent member of the New York Stock Exchange will be forwarded without obligation. It will give you a resumé of the stock market each week together with investment and speculative suggestions. (491).

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is the name of a book written to prevent you from losing your money. The successful Wall Street operator who wrote this informal, chatty book, will not reveal his name because he wanted it published not for personal fame, but to keep you from losing your money. Send for circular 717.

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